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IMPERIALISM AND DEPENDENCY IN MEXICO

by

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A THESIS

SUBMITTED TO THE FACULTY OF GRADUATE STUDIES AND RESEARCH
IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE
OF MASTER OF ARTS

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EDMONTON, ALBERTA
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FACULTY OF GRADUATE STUDIES AND RESEARCH

The undersigned certify that they have read, and recommend to the Faculty of Graduate Studies and Research, for acceptance, a thesis entitled ...Imperialism and Dependency... in Mexico..
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ABSTRACT

In seeking to describe and explain the condition of underdevelopment, students of political economy have recourse to the theoretical literature on imperialism. A textual discussion of classical and contemporary Marxist writings on imperialism reveals the conceptual richness of this legacy. However, any attempt to apply the concepts derived must deal with the more recent literature known as dependency studies. Chapter I is a presentation and discussion of topics in the theory of imperialism, while Chapter II attempts to elucidate the major assertions of dependency theorists and to reconcile them with the notions discussed in Chapter I.

The analytic framework developed from a discussion the two bodies of literature provides a ready tool for a study of imperialism and dependency in contemporary Mexico. The continuity of foreign domination of the Mexican economy through history is elicited via reference to the literature of political economy produced by Mexican scholarship. The form and content of such domination have evolved over the centuries, but the essence of the situation always remained a reflection of the development of capitalism as a world system. The Mexican case, the subject of Chapter III, is an illustration of the assertion that imperialism is economic, in the last instance. Thus, the condition of underdevelopment which Mexico experiences has a direct correlation, supported by the evidence, to the condition of dependency. Development within such a situation is bound to be uneven, and to be reflected in internal class structures and power relationships.

Finally, imperialism has been no less important in the agrarian sector of the Mexican economy than in the commercial, financial and industrial sectors. Imperialism, especially in the form of U.S. monopoly capital, dominates the structures of dependency in Mexican agriculture. It is in agriculture where the ability and necessity of capitalism to interact with semi-capitalist and pre-capitalist modes of production is most pronounced, and the Mexican case illustrates the point clearly. Imperialism, long an abstract and abused term, gains new significance when concrete examples of its effects on economic structures and daily lives and relationships of people can be presented.

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CHAPTER ONE

ISSUES IN THE THEORY OF IMPERIALISM

There are three reasons for an initial concentration on theories of imperialism in a thesis such as this. First, empires are a part of historical reality. Imperialism in its various forms has been a force throughout recorded history. Second, and more to the point for modern social science, students and political activists look to theories of imperialism in their search for explanations and analyses of underdevelopment and international relations. The events of the post-war era and the evidence of capitalism's contradictions have engendered a need for a comprehensive and up-to-date theory of capitalist development, of which the theory of imperialism must be an integral part. Third, capitalism has not followed the tentative path traced for it by Marx; contradictions have not created revolution in the industrialized capitalist societies. All the socialist revolutions have taken place in underdeveloped countries where capitalism, though strong and even dominant, has not been generalized. From this truth observers have been led to speculate on the connections between capitalism and imperialism, imperialism and underdevelopment, and imperialism and socialist revolution. A selective review of the literature on imperialism will be the most fruitful method of elucidating the elements of the theory of imperialism, and of bringing the most debated issues to the fore.

A Historical Typology of Imperialism

Historical forms of empire begin with simple dominance relationships yielding tribute to the dominant. This was often the result of raiding parties establishing local hegemony by force. The Mongols, Alexander, and some of the ancient Chinese empires are examples of more organized tributary systems, in that they established local hierarchies dependent for their privileged position upon loyalty to the central rulers. It is at this point that historians begin to speak of territorial empires. The Egyptian, Roman, Carthaginian and Persian empires went a step further in adding slavery. Territorial aggrandizement came to characterize these forms of imperialism. It is this historical reality of expansionism that even now is identified as imperialism. Such identification of imperialism with territorial conquest and control led many to consider de-colonization after 1945 as the end of imperialism.

In the 15th century, merchant capital allied with centralizing state power began empire-building for purposes of trade and plunder. Marx identified this process as one of "primitive accumulation" and linked it organically to the rise of capitalism in Europe: "The discovery of gold and silver in America, the extirpation, enslavement and entombment in mines of the aboriginal population, the beginning of the conquest and looting of the East Indies, the turning of Africa into a warren for the commercial hunting of blackskins signalised the rosy dawn of the era of capitalist production. These idyllic proceedings are the chief momenta of primitive accumulation"(1967:703). Colonialism in the time of mercantile capital gradually and unevenly introduced the capitalist mode of production in the conquered and sometimes settled territories, but it was the era of monopoly capital that ushered in the modern forms of imperialism. This began in the 19th century with great territorial expansion, first by the British state and private capital, followed by other European powers and the United States.

Currently imperialism retains only a few of the trappings of the past territorial glories. But two dominant characteristics of historical forms of imperialism remain to color the theory of imperialism. The first is the theme of territorial expansion, which found a major spokesman in 1919 in the person of Joseph Schumpeter (1951). The second thread running through the typology is that of economic domination and control. As James Petras (1970:299) put it, "imperialism can be looked at as a system of domination and control..." But he finishes this succinct definition with "... by one nation over another in order to maximize profits." Leaving aside the issue of whether the nation-state is the appropriate unit of analysis, Petras does bring to the fore the issue of the motives for imperialism. In the phrase "in order to maximize profits", something emerges which is common to all historical forms of imperialism: the appropriation of value by one party, the more powerful, from another party, the producer. This leads to the assertion that all imperialisms have had an economic motive, though Schumpeter (1951) denied that late 19th century expansionism had primarily economic motives. The different mechanisms for the appropriation of value (semi-feudal tribute, slavery, primitive accumulation, primary resource extraction under colonialism, monopoly capitalism) have each characterized a certain historical form of imperialism and have given every imperialism a strongly economic nature.

Classical Marxist Theories of Imperialism

Kemp (1972) locates the origins of a Marxist theory of imperialism in Capital, where Marx discussed the problem of the realization of surplus value, the tendency of the rate of profit to fall and the tendency of capital to concentrate and centralize. While these discussions may well have supplied a foundation for many Marxist writers on imperialism, they rather bias the argument towards a concentration on the exchange relations between nations. Thus, some modern critics of development theory, while able to show with statistics about trade that capitalism indeed "underdeveloped" large areas of the world, have been unable to attack directly the neo-classical basis of development theory. Geoffrey Kay (1973:9) calls this tendency to locate criticism of capitalist-engendered underdevelopment "structuralist economics", and includes most of the dependency writers and Paul Baran (1957) under his label. For Kay, the essential features of neo-classical economics is its assertion of scarcity as a universal economic problem, unaffected by time and space, i.e. unaffected by history (1973:4). Conventional development economics reproduces this assertion, in claiming that underdevelopment is an inherent quality, not a phenomenon causally linked to the advance of capitalism. Thus the designation of developed or underdeveloped becomes merely a quantitative exercise, and the question of the relations of production are left out of the analysis. When Marxistsattack development theory by showing empirically, as does Keith Griffin (1969), that capitalism can be held responsible for underdevelopment, without attacking the theoretical premises of neo-classical economics, the way is left open for capitalist theory to absorb the criticism (Kay:8). The dilemma for Marxists here is rooted in some oft-quoted passages from Marx and Lenin to the effect that capitalism has a historically progressive role to play in the development of productive forces: "The country that is more developed industrially only shows, to the less developed, the image of its own future", wrote Marx (1967:19). Writers such as Kemp (1972:18) have pointed out that "Marx left no theory of imperialism" and it is obvious that Marx left no such theory because modern imperialism did not exist at the time, monopoly capital not having matured enough at that point to make it logically inevitable. Thus the seeming ambiguity and contradiction well expressed by Kay: "In so far as its general historical perspective is that the historical role of capitalism is to develop men's productive forces to a hitherto unprecedented extent, Marxist theory is difficult to reconcile with the existence of worldwide underdevelopment brought about by capitalism"(1973:12).

However, Marx did concern himself with several issues that provided a theoretical basis for some writers on imperialism. In the chapters of Capital, "Genesis of the Industrial Capitalist", "Historical Tendency of Capitalist Accumulation", and "The Modern Theory of Colonization" (1967), he described how merchant capital's primitive accumulation set the stage for the development of industrial capital in Europe. In these passages Marx recognized one of the historical forms of imperialism and the economic motives at its base. Marx also saw the reproduction through colonialism of the mechanisms of primitive accumulation that occurred in England, i.e. the expropriation of immediate producers: "Self-earned private property, that is based, so to say, on the fusing together of the isolated, independent labouring individual with the conditions of his labour, is supplanted by capitalistic private property, which rests on exploitation of the nominally free labour of others, i.e. on wage-labour"(1967:714).

Marx saw mercantile imperialism setting the stage for capitalist development, first in the metropoles, and then in the colonies. However, he pointed out that often non-capitalist modes of production would remain in place in the colonies since they still served the interests of industrial capital in the metropoles (1967:662). Marx foresaw the modern era of imperialism in the non-metropolitan world as the time when non-capitalist economic formations would be progressively penetrated by the capitalist mode of production: "the capitalist mode of production and accumulation, and therefore capitalist private property, have for their fundamental condition the annihilation of self-earned private property; in other words, the expropriation of the labourer"(1967:724).

Marx's two-sector model of capitalist production postulated the uneven development of productive capacity under capitalism, since investment would tend to be attracted to the most modern and most capital-intensive enterprises in the sector producing the means of production. As the technological advantages of the most advanced enterprises are equalled by rivals, capital has to seek another investment area to maintain the rate of profit. This tendency, combined with the inherent contradiction of production cyclically passing beyond the means of consumers (read:workers) to purchase the products of capitalism, was the concern of J. A. Hobson (1905:66): "The power of production has far outstripped the actual rate of consumption, and, contrary to the older economic theory, has been unable to force a corresponding increase of consumption by lowering prices." Hobson saw the need to export capital as based in these contradictions of British capitalism, and thus imperialism as "the use of the machinery of government by private interests, mainly capitalists, to secure for them economic gains outside their country (1905:83)."

Another Marxist concept involving a basic contradiction of capitalist development is that of the organic composition of capital, best described in the chapter "General Law of Capitalist Accumulation" in Volume I of Capital (1967). As industrialization progresses, capital has an expanding demand for labour. But when capital begins to concentrate and centralize, enterprises increase the ratio of constant capital to variable capital. Increased investment in technology drives up the ratio, as does a lower cost for labour. If imperialism is seen as a world capitalist system, i.e. the accumulation of capital on a world scale (Amin, 1974), then one of the economic motives for imperialism is the search for lower labour costs and the creation of a reserve labour army in the less developed areas.

The contradictions discussed above which were analytically described by Marx provide the basis for elements of a theory of imperialism rooted in the relations of production and the labour theory of value. The task now is to trace the development of these elements through the Marxist writers of the early 20th century.

The Leninist Formulation

Lenin's reputation as a theorist of imperialism is based on the proliferation of a single work, Imperialism: The Highest Stage of Capitalism (1975), which he wrote in 1916. Many critics and Leninists alike have taken the pamphlet to be Lenin's last word on the subject, but Kemp (1972:27) argues that "Lenin did not claim to have a completely worked out theory of imperialism". Lenin's major purpose was to explain World War I to the international socialist movement. He was presenting a picture of world capitalist development in a specific epoch, not explaining mercantile colonialism, the era of multinationals, or the struggle of national liberation movements against imperialism.

In Imperialism, Lenin concentrated on the rise of monopoly and finance capital, updating Marx's discussion of the inherent tendency of capital to concentrate and centralize. For Marx, the process of accumulation always brought with it the "concentration of capitals already formed, destruction of their individual independence, expropriation of capitalist by capitalist, transformation of many small into few large capitals ... capital grows in one place to a huge mass in a single bloc, because it has in another place been lost by many ... the larger capitals beat the smaller" (1967:586). Lenin acknowledged his debt to Hobson (1905) and Hilferding (1923). He parted company with Hobson over the latter's "bourgeois social reformism and pacificism" (Lenin, 1975:11), but carried through Hobson's argument that the capitalist accumulation-under-consumption contradiction contained the germ of imperialism: "As long as capitalism remains what it is, surplus capital will never be utilized for the purpose of raising the standard of living of the masses in a given country, for this would mean a decline in profits for the capitalists; it will be used for the purpose of increasing those profits by exporting capital abroad to the backward countries. In these backward countries profits are unusually high, for capital is scarce, the price of land is relatively low, wages are low, raw materials are cheap" (1975:73). Hilferding's contribution, for Lenin, was his recognition of the role of finance capital and capitalist monopolies in imperialism (Lenin, 1975:127) argues that "Lenin was too impressed by conditions peculiar to Germany as documented at the time in Hilferding's Finanzkapital", (written in 1910) since capitalism in Britain, France, and the United States was more dominated by industrial capital. Nonetheless, Lenin's ideas on finance capital remain an important part of his work on imperialism, and even Kidron (1974:128) admits that the banks in the latter countries were strong and becoming stronger.

Critics of the Marxist theory of imperialism, as Sutcliffe (1972:315) remarks, have often spoken of the "Hobson-Lenin theory". Hobson, however, was more a neo-mercantilist in the sense that he saw imperialism as controllable and a political aberration which could be corrected by social reforms in the metropoles. Lenin, rather, saw imperialism as a logical stage in capitalist accumulation. As Harry Magdoff put it, "The fact is that Lenin's analysis is concerned with a whole complex of forces (political, sociological, and economic) that reach a special degree of urgency -- sufficient to define a significantly new and distinctive era -- when (1) giant firms, operating within an environment of finance capital, can and must seek greater monopolist control (including division of markets among the giant firms) in both the advanced and underdeveloped countries..."(1972a:3).

For Lenin, imperialism was "capitalism in that stage of development in which the dominance of monopolies and finance capital has established itself; in which the export of capital has acquired pronounced importance; in which the division of the world among the international trusts has begun; in which the division of all territories of the globe among the great capitalist powers has been completed" (1975:100). He noted the great surge of monopolies, cartels and trusts in the last decades of the 19th century and considered it a true change in the nature of capitalism. Lenin pointed out the contradictory nature of monopoly capitalism as regards competition:

> Imperialism emerged as the development and direct continuation of the fundamental attributes of capitalism in general. But capitalism only became capitalist imperialism at a definite and very high stage of its development, when certain of its fundamental attributes began to be transformed into their opposites, when the features of a period of transition from capitalism to a higher social and economic system began to take shape and reveal themselves all along the line ... the main thing in this process is the substitution of capitalist monopolies for capitalist free competition. Free competition is the fundamental attribute of capitalism, and of commodity production generally. Monopoly is exactly the opposite of free competition ... monopoly is the transition from capitalism to a higher system (1975:104).

In holding that monopoly is a transitional stage of human history, Lenin was speaking of the sharpening of contradictions between the social organization of production in larger and larger units, with the control and appropriation of surplus value in fewer and fewer hands. This concept leads into the analysis of revolution and socialist transformation in advanced capitalist formations.

As a concomitant to the transformation of competition into monopoly, Lenin saw a new role for banks. Previously, finance capital had played more of a technical and auxiliary role, making the money transfers. Lenin's study of the United States and German banking systems convinced him that, as in industry, "the final word in the development of the banks is monopoly" (1975:44). This development was paralleled by a closer "personal union between the banks and the biggest industrial and commercial enterprises" (Lenin:45). The result would be the domination of capitalist monopoly production by the "financial oligarchy" and the political consequence would be the hegemony of finance capital over the state.

Having established the conditions for imperialism, i.e. the increased monopoly of production and of money capital, Lenin then introduced the driving mechanism of imperialist expansion, the export of capital: "Under the old capitalism, when free competition prevailed, the export of goods was the most typical feature. Under modern capitalism, when monopolies prevail, the export of capital has become the typical feature"(1975:72). The "super-abundance" of accumulated capital in the advanced industrial formations, for Lenin as well as for Hobson, resulted from the exploitation of labor and its depressed capacity to consume: "The necessity for exporting capital arises from the fact that in a few countries capitalism has become over-ripe and (owing to the backward state of agriculture and the impoverished state of the masses) capital cannot find profitable investment"(1975:73-74).

As a direct result of the dominance of monopoly production, Lenin saw the formation of international cartels and agreements on the economic division of the world. A good example of this was the halting of competition between the German and American electrical industry trusts in 1907 (1975:82). However, as Lenin showed, an initial division of the world into economic spheres of influence always has had the potential for redivision, "if the relation of forces changes as a result of uneven development, war, bankruptcy, etc."(1975:82).

For Lenin, the territorial division of the world into colonial possessions was only completed under modern imperialism. His thesis was that "the apex of pre-monopoly capitalist development was reached in the 60s and 70s of the last century. We now see that it is precisely after that period that the struggle for the territorial division of the world becomes extraordinarily keen" (1975:92).

Although Lenin cited the necessity of capital exports as a motive in colonialist expansion, he also centered on the monopolies' drive to control sources of raw materials. In an oft-quoted passage he declared: "The more capitalism is developed, the more the need for raw materials is felt, the more bitter competition becomes, and the more feverishly the hunt for raw materials proceeds throughout the whole world, the more desperate becomes the struggle for the acquisition of colonies" (1975:98).

In an important forerunner to the theory of dependency, Lenin spoke of dependency situations in his description of early 20th century imperialism. He noted that the main division of the world under imperialism was between the colonial powers and the colonies. Nonetheless, he called those nominally independent countries which were "enmeshed in the net of financial and diplomatic dependence" "transitional forms of national independence", singling out Argentina as the best example (1975:101). He also described the agent state, e.g. Portugal, which played the role of imperialist intermediary.

Lenin had some interesting points to make about the political relations within imperialism. First, of course, was the competition between national imperialisms that he saw as the central cause of World War I. Second, he saw the parasitic nature of the rentier state being reproduced in the working-class movements: "Imperialism has the tendency to create privileged sections even among the workers"(1975:128). Third, Lenin saw a conflict arising over imperialism between the industrial-financial bourgeoisie and the petite bourgeoisie, the latter increasingly squeezed by the progressive monopolization of the former. However, this struggle on the part of the petite bourgeoisie was destined to remain a reformist phenomenon. For example, petite bourgeois opposition to United States imperialism in the Spanish-American War denounced the war for annexation, yet "shrank from recognizing the indissoluble bond between imperialism and the trusts, and therefore, between imperialism and the very foundations of capitalism"(Lenin, 1975:134).

Together the concepts developed by Marx and the arguments extended by Lenin constitute the basic Marxist theory of imperialism. The discussion of these ideas provides a background for two of the remaining tasks of this chapter. First, a discussion of the theories of Luxemburg and Bukharin may shed more light on the debates within Marxism over imperialism. Secondly, a discussion of several more contemporary theorists will make more sense when discussed in the light of the basic Marxist theory.

The Theories of Luxemburg and Bukharin

Rosa Luxemburg (1963, 1972), producing two major works on the accumulation of capital between 1913 and 1919, had certain practical and theoretical concerns. First, as a political activist in the German Social Democratic Party, she was alarmed at the revisionism within the party, feared the power of nationalism (the Party voted for war credits for the first time in August 1914) and wished to warn the left of the dangers of imperialism. Then she saw flaws in Marx's scheme of expanded reproduction, and thus in the theory of capitalist accumulation.

Luxemburg started by agreeing with Marx that, within his two department model of pure capitalist production, the capitalist must sell the increasing quantity of commodities that the capitalist mode of production makes possible: "A steadily increasing possibility of selling the commodities is indispensable in order to keep the accumulation a continuous process" (1972:49). Luxemburg's concern, then, is with the problem of markets. She asks: "Can capital itself, or its production mechanisms, expand its market according to its needs, in the same way that it adjusts the number of workers according to its demand? Not at all. Here capital depends on social conditions" (1972:50). Luxemburg outlined how capital goods are sold by capitalists to capitalists, and how consumer goods are sold mainly to the working class. She assumed that the working class would never receive more wages beyond those adequate to meet basic needs, and thus could never supply the internal market for the surplus production of the means of consumption: "The workers have no means beyond the wages covering bare necessities which they receive from their employers. Beyond that there is no possible change of their being consumers of capitalist commodities, however many unsatisfied needs they may have" (1972:55).

Marx's model of pure capitalism assumed the existence of only two classes, the capitalists and the workers. For Luxemburg, this was the crux of the theoretical dilemma and the generator, for her, of a theory of imperialism distinct from that of Lenin: "You can twist and turn it as you wish, but so long as we retain the assumption that there are no other classes but capitalists and workers, then there is no way that the capitalists as a class can get rid of the surplus goods in order to change the surplus value into money, and thus accumulate capital" (Luxemburg, 1972:58). Luxemburg suggested that the problem was an exchange problem, or better, a realization problem. Lenin concluded that it was a surplus of capital. Each selected their own contradiction as the motive force of imperialism.

Luxemburg located the third market in the non-capitalist areas of the world, which extended from inside the metropoles to the periphery (1972:58). Given the fact that capitalist production does not, in reality, occur in a vacuum, i.e. it is not an exclusive mode of production, and assuming Lenin correct that the need for capital export is the driving force of imperialism, it is hard to explain a long secular boom throughout the 19th century. This was the paradox Luxemburg perceived and to which she addressed herself. She concluded capitalist development had always been integrally involved with non-capitalist production, and that this involvement was accumulation, that without this integration of non-capitalist production and peoples, neither capitalism nor imperialism could exist:

> Its first act in Europe is the revolutionary conquest of the feudal barter economy. Overseas, it begins with the subjugation and destruction of traditional communities, the world historical act of the birth of capital, since then the constant epiphenomenon of accumulation. Through destruction of the primitive barter relations in these countries, European capital opens the doors to commodity exchange and production, transforms the population into customers of capitalist commodities and hastens its own accumulation by making mass raids on their natural resources and accumulated treasures ... the more capitalist countries participate in this hunting for accumulation areas, the rarer the non-capitalist places still open to the expansion of capital become and the tougher the competition; its raids turn into a chain of economic and political catastrophes: world crises, wars, revolution (1972: 59-60).

A number of conclusions have been drawn by contemporary reviewers of the theory of imperialism regarding Luxemburg's conceptions. First, Barratt-Brown (1972:51) points out that Hilferding and Lenin were describing capitalist expansion where labor and capital movements to underdeveloped parts of Europe and European-colonized lands led to industrial development behind tariff walls. Luxemburg, on the other hand, was describing the failure of capitalist expansion. Capital movements to non-European lands did not lead to local industrial development because free trade held non-European lands as primary producers forever in an artificial world division of labor. Second, Kenneth Tarbuck explains that

> by making the 'third market' such a vital element in the process Luxemburg has changed the basis of capitalist accumulation from something derived from surplus labor into a process which draws its main sustenance from an outside source. In other words, she has made the exploitation of the 'third market' the driving force of capitalism, not the exploitation of wage labor. Given this premise it means that the wage laborers of the advanced capitalist countries are no longer exploited but are joint exploiters with the capitalist class (1972:31-32).

The third criticism is that Luxemburg's emphasis on the non-capitalist market as the necessary locus of realization leads to the conclusion "that the capitalists extract profits by trading with the 'third market' in much the same way as merchant capital was able to do under conditions of an imperfectly organized world market, i.e. by an unequal exchange of values. It would be as though capitalism could not escape from the period of primitive accumulation" (Tarbuck, 1972:32). Finally, Luxemburg almost entirely neglected the links between structural changes in capitalism, the core of Lenin's analysis, and imperialism. Nonetheless, the issues raised by Luxemburg have been the subject of much debate. The question of the articulation of capitalist production with non-capitalist modes is enjoying a lot of attention currently in Marxist theoretical literature, especially in the area of peasant studies, anthropology and geography. Luxemburg was also one of the first to consider militarism and the arms race as an outlet for productive capacity, a theme later addressed by Baran and Sweezy (1966).

At this point the discussion will take up the ideas of Nikolai Bukharin, the great Bolshevik theorist of the 1920s, since one of his works (1972a) is a specific response to Luxemburg's writings on imperialism.

In Imperialism and the World Economy (1972b), Bukharin developed the idea of a "world economy and the international division of labor." Just as in Marx's model, where the uneven development of productive forces resulted in polarization of wealth and poverty within one capitalist formation, for Bukharin the international division of labor resulted from the same uneven development of productive forces (1972b: 20). He saw the town-country dichotomy reproduced on an international scale as capitalism expanded. Within the world economy, "a system of production relations and, correspondingly, of exchange relations on a world scale"(1972b:26) had developed. Bukharin, like Lenin, noted the same structural changes in global capitalism as were occurring in individual capitalist states. And this, for Bukharin, was the objective novelty of modern capitalism: "The modern expansion of capital differs from the previous in the fact that it reproduces the new historical type of the conditions of production on an extended level, i.e. the type of the conditions of finance capitalism" (1972a:257). As monopoly production became the dominant mode of production within a single capitalist formation, so it would expand outwards into the non-capitalist areas of the world in search of higher profits: "The growth of productive forces clashes with the antagonistic form of distribution and with the disproportion between the various parts of capitalist production, hence capital expansion" (Bukharin:87-88).

In Bukharin's 1924 polemic against Luxemburg, Imperialism and the Accumulation of Capital (1972a), some of the sharper formulations of his ideas on imperialism are located. His criticism of Luxemburg was that she "confuses the concrete with the abstract" (1972a:250). Specifically, her objection to Marx's abstraction of a pure capitalist mode led her to miss a methodological point. Bukharin argued that "nobody claimed that capitalism has anywhere ... fried in its own fat, practised celibacy, and had no sinful intercourse with non-capitalist producers" (1972a:243). He went on to the question of the "real cause of capitalist expansion," i.e. not the search for markets, but rather the possibility of a larger profit outside a given capitalist unit. Of Luxemburg he wrote: "As she overlooks the factor of the search for larger profits, she reduces everything to the bare formula of the possibility of realization ... the problem of realization is separated from the problem of larger profits, thus from the question of the exploitation of non-capitalist economic forms" (1972a:246).

Bukharin then took Luxemburg's definition of imperialism -- "the political expression of the accumulation of capital in its competitive struggle for what remains still open of the non-capitalist environment" (Luxemburg, 1963:446) -- and subjected it to critical analysis. First, he wrote, "capitalism has always fought for 'remains'" (1972a:253). Secondly, this definition implied that fighting for already-capitalist areas was not imperialism, which meant that French occupation of the Ruhr in 1923 was not imperialism (Bukharin, 1972a:253). For Bukharin, the Luxemburg definition telescoped all the stages of capitalism and its relations with the non-capitalist periphery, i.e. trade capitalism and mercantilism, industrial capitalism and liberalism, finance capital and imperialism, into an ill-defined "capitalism as such" (1972a:253), and totally neglected the structural changes Hilferding and Lenin had made the basis of their analysis of imperialism.

Finally, Bukharin isolated the specific features of imperialism. He explained that the expansion of capital "is conditioned by the movement of profit, its amount and the rate on which the amount depends" (1972a:255). Based on Marx's formula of reproduction of the total social capital, Bukharin argued that "if cheaper means of production and cheaper labor are available, the rate of profit climbs accordingly, and capital tries to exploit this situation" (1972a:257). But capitalism is buying and selling as well as producing, and the roots of expansion are found in the conditions for each of the three parts of the cycle of capital. To abstract the problem of markets from the problem of raw materials sources and the exploitation of labor power, and from the problem of new spheres for investment, argued Bukharin, was to skew the analysis away from balance (1972a:257).

Post-War Contributions to the Theory of Imperialism

After 1930 few contributions were made to the theory of imperialism. Many changes in capitalism were occurring, yet few Marxists attempted an updating of the work of Lenin and Bukharin. For Sutcliffe (1972:312), this long silence is responsible for the great differences among Marxists writing about imperialism today. The concept itself became ambiguous, "used to describe the whole capitalist system; just as often it refers to the relations between advanced and backward within the system. Sometimes it is used in both senses simultaneously" (Sutcliffe, 1972:314). The correct location of the theory of imperialism, according to Sutcliffe, is within the broader general theory of capitalism (1972:320). Interpreted in this way, the concerns of Marxist analyses of imperialism are three: (1) "the development and the economic and class structure of advanced capitalist societies (especially the factors which drive them towards geographical expansion of their economies) and the relations between them", (2) "the economic and political relations between advanced nations and backward or colonial nations within the world capitalist system", and (3) "the development of economic and class structures in the more backward nations of the capitalist system, especially the roots of their domination and their failure to industrialize" (Sutcliffe, 1972:321).

After 1945 the so-called neo-Leninist school of political economy developed. Baran and Sweezy (1966) are part of this school, neo-Leninist in that they agree "that a sharp distinction should be made between colonialism and imperialism, while the original Leninist identity between monopoly capitalism and imperialism should be retained" (O'Connor, 1970:116). For Baran and Sweezy, imperialism is one of the solutions sought by monopoly capital to the surplus absorption problem. This places them closer to Lenin than to Bukharin, in that Lenin stressed capital export, while Bukharin spoke more of the drive for extra profit overseas.

Baran and Sweezy understand, however, that to export capital may be merely a short-run solution to the absorption problem. They recognize that United States monopoly capital invested overseas could also result in a net inflow of capital from abroad, just as British investments were lower than returns during their supremacy. They write: "One can only conclude that foreign investment, far from being an outlet for domestically generated surplus, is a most efficient device for transferring surplus generated abroad to the investing country" (1966:107-8). Lenin had stressed that capital export was motivated by the improved chances for surplus profits abroad (1975:120).

Following Lenin, and parting company with Hobson, Baran and Sweezy deny that imperialism is merely a policy, rather than a stage of capitalist accumulation. Baran (1969:422) specifically links the overthrow of Arbenz with the interests of United Fruit in Guatemala. Baran and Sweezy develop the theme of the monopoly capitalist state which defends the interests of multinational corporations based therein. This involves two main activities, according to Baran: first, the imperialist task is to combat and slow down socialism, via the arms race and the "implacable hostility of the ruling class of the United States" to socialist revolutions in the underdeveloped world; second, "... to prevent, or if that is impossible, to slow down and to control the economic development of underdeveloped countries" (1957:197).

Baran and Sweezy downplay inter-imperialist contradictions, which were so important to Lenin's analysis. Further, they are led to the view that "the revolutionary initiative against capitalism, which in Marx's day belonged to the proletariat in the advanced countries, has passed into the hands of the impoverished masses in the underdeveloped countries who are struggling to free themselves from imperialist domination and exploitation" (1966:201).

Another neo-Leninist who has attempted to update the theory of imperialism is Harry Magdoff (1969, 1970, 1972a, 1972b, 1974a, 1974b). His concern is with the changes in the imperialist system which have occurred since 1945. In this concern, however, he has situated modern imperialism in a historical continuum of capitalist expansion and remained true to Lenin's non-formula approach to imperialism. Magdoff argues that restless expansionism, i.e. the drive to accumulate, is the essence of capitalism in all its stages, and that from the beginning capitalism was a world system. Like Lenin, he proposes that the rise and victory of monopoly capital after the 1870s meant a qualitative change in capitalist accumulation (1974b:4).

Magdoff also considers it important to investigate Lenin's idea that the export of capital was a distinguishing feature of the new imperialism after the 1870s. He concludes that the "desire and need to operate on a world scale is built into the economics of capitalism" as such, and is not "the produce of surplus capital as such" (1972b:148-9). Rather, the sudden upsurge in capital export was due to (1) stronger international competition, (2) protective tariff walls, (3) the increased importance of raw materials, induced by the second industrial revolution, and (4) maturity of monopolies and finance capital, which facilitated capital mobilization (Magdoff, 1972b:150). As for the argument that a declining rate of profit makes for capital export, Magdoff answers that "geology" determined increased investments abroad in resources, while it was the marginal profitability gap that promoted investment in foreign manufacturing. He argues that a better explanation for capital export is the structural one, implicit in Lenin's writings, that monopolies need to control all facets of the circuit of capital, that "the impetus to invest abroad arises out of this competitive struggle among the giants" to maximize profits (1972b:157-8).

In the post-war era, Magdoff sees a shift from inter-imperialist rivalry to United States hegemony and the struggle to keep the imperialise system from contracting. Assisting the establishment of United States hegemony was the "third industrial revolution", that of electronics, rocketry, atomic power, etc., in which United States multinational corporations have had a distinct advantage. The resulting technological dependence, both of other advanced capitalist states, and of the peripheral capitalist formations, helped to tighten the bonds of the system and to strengthen United States hegemony, as did United States foreign aid and its domination of the international financial institutions (Magdoff, 1969:40).

Magdoff acknowledges that critics of an economic theory of imperialism argue that since exports account for less than 5% of the United States Gross National Product (GNP) and foreign investment is less than 10% of domestic investment, there can be no such thing as economic imperialism. In answering this criticism, Magdoff first argues that it fails to recognize the cumulative nature of foreign investment: "If one speaks of the relatively small amount of investments flowing abroad each year, one misses the full meaning of the accumulated impact of such investment activity" (1969:10). The return of such investments are much greater than the original investments and the annual increments. But Magdoff's second argument is the more telling, an attack on the notion of GNP itself. He points out that the GNP is an amorphous figure including non-manufacturing categories, services, and wasteful production, while exports are mainly industrial products (1970:23). With Baran and Sweezy, Magdoff insists on seeing the essential sectors of the economy in any analysis of growth. Magdoff shows that the proportion of sales abroad for the largest corporations is much higher than that for the total economy in terms of GNP, and that sales by multinational corporate subsidiaries abroad are growing faster than parent company sales domestically (1970:25).

Finally, following Baran and Sweezy, Magdoff sees the basic contradictions of imperialism as between the Third World proletariat/ peasantry and the metropolitan bourgeoisie. With the collapse of the Bretton Woods monetary system and the defeat of United States imperialism in Vietnam, a new situation arose, and Magdoff admitted this (1972a: 1-2). However, he also pointed out that it was Vietnam that weakened United States hegemony, not Japanese and German competition. The seeming success of "trilaterialism" currently seems to bolster Magdoff's view of the major imperialist contradiction, though the class contradictions within the metropoles and within the peripheral capitalist formations have also sharpened (Magdoff, 1972a:4).

Another "Third Worldist" is Pierre Jalée (1968, 1969). Like Magdoff, he locates the contradictions of imperialism principally in the struggle between capitalist exploitation by the metropoles and the movement towards socialism in the Third World. An analyst of trade patterns, Jalée discounts the relative decline in trade between the metropoles and the periphery as any indication of the end of imperialism. He argues that resource dependence of the metropoles has increased (1969) and that the multinationals are more dependent on overseas operations for their profits than other firms (1968:100). Admitting that the post-war internal expansion of metropolitan capital has been more impressive than its overseas exploits, Jalée sees it as a postponement of contradictions (1968:107).

Jalée's works were done at a time when the advanced capitalist countries were still in the prolonged expansionary period and had not entered the present crisis of capitalist production. Though he and Magdoff may seem to have rooted their analysis of imperialism in trade figures rather than in the relations of production and may have talked of countries rather than classes, it is to their credit that they supported anti-imperialist struggles in the Third World. The weakness in their arguments is that they lead to the hope for readjustments in trade relations as easily as to advocacy of socialist revolution.

A more sophisticated neo-Leninist treatment of imperialism is that of James O'Connor (1971). He goes further in the analysis of classes, the internationalization of capital, and the role of the state than Magdoff and Jalée. For him, imperialism now is "the economic domination of one region or country over another -- specifically the formal or informal control over local economic resources in a manner advantageous to the metropolitan power, and at the expense of the local economy" (1971:40). O'Connor argues that several of the Leninist features of imperialism still exist. Concentration and centralization of capital take the form of conglomerate mergers and multinationals. Monopolies increase their technological advantages, as well as their cartel control of price structures. States establish tariffs to protect their capitals. Militarism is a way of international life. What is unique to the present imperialist era is the threat of socialism to the world capitalist system and "the consolidation of an international ruling class constituted on the basis of ownership and control of the multinational corporations, and the concomitant decline of national rivalries initiated by the national power elites in the advanced capitalist countries" (O'Connor, 1971:44).

The writers previously discussed in this section represent the attempt of Marxist-informed social science to explain underdevelopment as a result of imperialism. One of the best recent articulations of this attempt is Samir Amin's Accumulation on a World Scale (1974). Amin argues that such structural features of underdevelopment as the unevenness of productivity between sectors, the disarticulation of the economy, and external domination are not traditional characteristics. Rather, they are characteristic of capitalist development in general. Given a world economic system, and an international division of labor, capitalist development in the periphery may remain growth, not development (Amin, 1974:18). Imperialism constitutes, for Amin, the relations of the world capitalist centers with the capitalist periphery, and more specifically, the relations of the international bourgeoisie and the world proletariat. Amin argues that underdevelopment results from the continued situation of primitive accumulation for the benefit of the international bourgeoisie in the periphery. This situation does not exclude capitalist accumulation in the periphery, but rather conditions it, and exacerbates the law of uneven development in the capitalist mode of production. Thus the paradox Geoffrey Kay (1973:x) pointed out: "capital created underdevelopment not because it exploited the underdeveloped world, but because it did not exploit it enough."

Amin's assessment of capitalist accumulation on a world scale is more concerned with the effects of imperialism in the periphery than with the centers. He has six propositions: First, the onslaught of external forms causes crucial retrogression, as in the ruin of crafts in

India, and agrarian crises. In Amin's opinion, Marx's analysis largely missed the problems of transition to peripheral capitalism in assuming a steady penetration of the capitalist mode and eventual industrialization. Second, unequal specialization has led in peripheral economies to extroversion, hypertrophy of the tertiary sector, and a bias towards light industry. Third, the multiplier effect so fondly embraced by neo-classical economics only functions in the center, since profits in the periphery are exported. Fourth, certain characteristics of underdevelopment which are not manifested in the per capita level of production are extreme inequalities, disarticulation, and external domination. Fifth, in the center the capitalist mode tends to become exclusive, but not in the periphery, where it is only dominant. Sixth, contradictions of peripheral capitalism give rise to petite bourgeois bureaucracies and state capitalism which can only serve to reinforce dependency (Amin, 1974:390-4).

Conclusion

There are two questions to be shortly answered here. First, what are the main concerns of the Marxist theory of imperialism as it stands today? Second, what are the general assertions derived from those concerns? When one speaks of a theory of imperialism, it should be kept in mind that, true to the dialectics of constant change, the theory has changed and must continue to change in order to reflect and explain reality. Thus, while the Leninist methodology may have remained as valid after sixty years, the contradictions and realities Lenin was attempting to explain are now altogether different.

The concerns of imperialist theory are still the contradictions of the capitalist world system: socialized production and centralized surplus value, uneven development and disarticulation, polarization of wealth and poverty. That they result in imperialism, war, revolution, counter-revolution, poverty, and underdevelopment, resistance and repression, class consciousness and opportunities today as much as in Lenin's time validates this concern.

Of the five Leninist characteristics, it is obvious that the territorial division of the world, rooted in inter-imperialist competition and conflict, is no longer an outstanding feature. In addition, the victory of finance capital, viewed narrowly, is not what has occurred, though no one can argue that banks are not an integral part of the structure of the world capitalist system. However, since most multinational corporations and certainly most domestic industrial conglomerates are self-financing or merged with banks, it is not proper to speak of finance capital as such having primacy.

Lenin's designation of capital export needs as the motive force for imperialism is open to some debate. Critics of Lenin and some neo-Leninists have pointed out that the Third World exports much more capital than it receives today. On the other hand, Lenin was careful to say that the search for higher profits was the principle behind capital export in the first place, and not necessarily the lack of domestic investment opportunities. This is proven by the fact that capitalism has experienced a spectacular development internally, and also by the fact that the bulk of overseas investment, especially now but also in Lenin's time, has gone from developed centers to other developed centers.

It is clear that two related processes of capitalist accumulation have continued and intensified since Lenin wrote his pamphlet. First, the formation of monopolies via concentration of production and capital is beyond what Lenin and Bukharin would have imagined, especially in the monopolies' present incarnation as multinational trusts that Lenin noted have developed much further and begun to construct their own supranational set of financial and marketing institutions.

The major assertions of contemporary Marxist theory dealing with the accumulation of capital on a world scale, i.e. imperialism, reflect the changes and new contradictions that have occurred since Lenin's time. First, imperialism is essential to capitalism in somewhat new ways, though again it was Lenin who pointed the way. Neo-Leninists and others have shown that exports abroad and sales by subsidiaries abroad form a major portion of the profits of the multinational corporations. They have shown how the center is dependent on certain strategic mineral and oil resources from the Third World, and also on some agricultural products. They have also argued that the rise of socialism, deformed as it may be, has constituted much more of a threat to capitalist accumulation than inter-imperialist rivalries and that, especially after World War II, the revolutionary movements of the Third World proletariats and peasantries have been the main enemies of imperialism. Thus, for most Marxists, the political contradictions have changed, the main contradiction being that of the Third World proletariat/peasantry and the international imperialist bourgeoisie, divided between the center bourgeoisie and the periphery national bourgeoisie. If this is so, it means that it is important politically and theoretically to study relations of production in the Third World.

This latter point opens up the matter of the current topics most often addressed by writers on imperialism. O'Connor speaks of economic imperialism as being the domination by one nation over another for economic benefit. A more careful definition would include the notion of class and the relations of production rather than those of the exchange circuit. The main actors in this international class system are the units of large capital known as multinational corporations, the state structures that serve and sometimes conflict with them, and the working classes of both the center and the periphery. Thus the main topics of interest today are the corporations and their operations, the individuals that control them, their ties with both center and periphery state apparatuses, foreign aid, the international financial system, the working classes and their struggles, their ties to the sometimes ambivalent state in capitalist formations, state capitalism, and revolutionary socialism. Dependency theory is a concentration on one sector of these topics, the relations between underdeveloped countries and the center, seen mostly from the perspective of the former. The theory of imperialism, as Sutcliffe said, suffers ambiguities and weaknesses, but also has strengths. This has clearly not been an exhaustive treatment of a mammoth subject, but it will set the tone for first the discussion of dependency theory, and for a more specific analysis of some aspects of imperialism and dependency in Mexico.

CHAPTER TWO

THE CONCEPTS OF DEPENDENCY THEORY

The task in this chapter is twofold: First, to define the concepts of dependency studies, and second, to locate the contradictions within and externally bearing upon Third World social formations, specifically those of Latin America. Theoretically, the purpose is to locate conceptual elements of the Marxist theory of imperialism and dependency studies within the broader framework of a theory of underdevelopment. This synthesis or inclusion of concepts from two complementary fields of analysis that have historically been useful and have themselves, in their respective development, change and refinement, reflected the dialectic of capitalist accumulation, will in turn be useful for an examination of Mexico's political economy, the subject of Chapter Three.

The concern with contradictions within and bearing upon social formations of dependent capitalism mirrors the desire to contribute to the formation of political strategies for revolutionary changes. Marxist studies of revolutionary change have historically attempted to clarify contradictions before initiating political activity. They have also constantly reconsidered the contradictions over time, both the internal contradictions of social formations and those external to, but involving the latter. The works of Lenin and Mao Tse-tung reflect this ongoing dialectic of theory and practice. As Mao (1960:7) described the dialectical materialist concern with these two general levels of contradiction, "dialectical materialism considers external causes to be the condition of change and internal causes the basis of change, external causes taking effect through internal causes." A number of students of dependency implicitly adhere to this view of the history of social phenomena. This method of observing and analyzing contradictions will be alluded to throughout this essay and employed to draw together the conceptual elements from the theory of imperialism and dependency studies.

Origins of "dependency theory": The theoretical and practical environment

The initial and still overriding concern of dependency studies is the explanation of underdevelopment. On the one hand, it may seem a negative sort of method to pursue the growth of dependency conceptualizations as a reaction to more conventional theories of underdevelopment and economic growth. On the other, a dialectical perspective on intellectual history would see as natural the development of dependency studies in reaction against a mode of thinking that largely reflected the ideology of the status quo. Further, Thomas Kuhn (1962) stresses the rebellious and antagonistic nature of newly-emerging paradigms, i.e. the non-cumulative, non-linear process of thought during radical shifts in paradigms.

Andre Gunder Frank, the writer most typically identified with dependency theory, or at least with that variant known as the "development of underdevelopment", takes a historical view of dependency studies. He distinguishes between old and new dependency theory (Frank, 1974:89). The old dependency notion came out of the liberal positivist tradition and culturally assimilated by educational and commercial/

industrial elites in Latin America. The tradition was essentially the Ricardian theory of comparative advantage, where free trade would develop all economies and achieve interdependence for the mutual benefit of all. That nascent capitalism in the Third World would be dependent on the metropolitan center for capital, technique, and markets was merely a reasonable, and in fact desirable, expectation. These ideas comprise the "liberal positivist grandfather" of dependency thery for Frank. The "reformist developmental father" was the subsequent incarnation of dependency notions. This corresponds to the period of intensive industrial and commercial development, the phase of import substitution which occurred when the capitalist crises of the 1930s and the Second World War prevented the production and delivery of metropolitan capital and consumer goods in Latin America. The progressive nationalism of the period roughly demarcated as 1930-1945 and its populist, quasi-fascist variants under Vargas and Perón, the more left-wing variants under Cárdenas, APRA (Alianza Popular Revolucionaria de America) and the Chilean Popular Front employed the notion of commercial and industrial dependency to encourage the domestic growth of industry and to mobilize anti-imperialist sentiment. The purpose was to create a popular support for such actions as nationalization and to legitimate the respective regimes and consolidate them against other internal power seekers.

The first child of the reformist developmental father that is today recognized by most theorists and reviewers of dependency was the structural critique of Latin American dependency developed within the UN Economic Commission on Latin America (ECLA). A group centered around Raúl Prebisch and including Osvaldo Sunkel, Celso Furtado and others began with an analysis of the obstacles to development in Latin America. They found empirically that, beyond the Marxist stress on the internal obstacles of pre-capitalist and feudal structures, the very structure of the world economic system militated against Latin American development. It was Prebisch and his group who first designated the center-periphery nature of the world economic system (UN, Economic Commission on Latin America, 1950). This was a reaction against the comparative advantage notion and was propelled by the short-term successes of import substitution in the 1930s and 40s. The ECLA group thus stressed further import substitution manufactures as the way in which to escape monoculture and primary resource exports in return for capital and consumer goods imports. The ECLA group produced reams of statistics, arguing that the terms of trade were deteriorating for Latin America, as the now-familiar process of decreased prices for primary resources versus increased prices for industrial goods experienced a new "take-off" after World War Two. The capital financing of Latin America's domestic industrialization had in fact largely come from reasonable prices on the world market for its primary resource exports. ECLA saw the solution as literally more of the same import substitution, for they assumed a growing and progressive national bourgeoisie that would take charge of development much as the industrial bourgeoisie had done in Britain more than one hundred years previously (Chilcote, 1974a:10).

Cardoso (1970) and Chilcote (1974b) define the ECLA perspective as gradualist and diffusionist, respectively, though they acknowledge the importance of ECLA's critique of the international structural obstacles to development. The "gradualist" nature of the ECLA theses was exemplified by their designation of Latin American social formations as dualist, obstructed by feudal and pre-capitalist relationships. It reinforced the developmentalism of the 1950s and 60s which was the policy progeny of the populist nationalism and import substitution of the 30s and 40s, and thus became an establishment commodity, perhaps contributing to the further postponement of a socialist agenda. It can be argued that the Alliance for Progress incorporated the ECLA theses in its call for anti-feudal reforms and aid to agricultural and industrial enterprises in Latin America. The result was clearly increased dependency, as, in order to purchase the necessary capital goods, Latin American economies had to expand their primary resource sectors. The pressure on primary resources was dual, since the terms of trade for primary products kept worsening and more had to be produced merely to maintain foreign exchange income levels. Further, Frank (1969) argues that reform of "feudal" structures often did not take place, as the traditional oligarchies were in many areas thoroughly integrated with the domestic and industrial comprador bourgeoisies.

Frank (1969), Alonso Aguilar Monteverde (1967), Tamas Szentes (1971), Samir Amin (1974), and Fernando Cardoso (1977) all describe another source of dependency theory as the reaction to a number of orthodox theories of development. Cardoso (1977:9) especially singles out critiques of "comparative advantage" as fore-runners of later dependency writers. While Prebisch and the early ECLA theorists dedicated some time to this issue, Celso Furtado, Albert Hirschman, Gunnar Myrdal, Hans Singer, and Ragnar Nurkse are mentioned as representatives of a current of thought enjoying some popularity in academic, government, and international agency circles in the late 1950s and early 60s. While stressing internal structural reforms and a fairer distribution of international income and the division of labor, these latter remained diffusionist and somewhat confused according to Cardoso (1977:9). Samir Amin's work (1974) is a "critique of the theory of underdevelopment" itself and contains an intensive review and critique of the various orthodox theories. As a result, he has refined his own use of dependency concepts to explain African underdevelopment. Monteverde and Szentes both go further than Cardoso in their attack on development theories. The difference is that Cardoso was in 1977 specifically tracing the intellectual history of "dependency theory" while the former were engaging in the separate task of critiques. It is worth spending some time with their ideas.

Aguilar Monteverde is a prolific Mexican academic who writes from within the Marxist paradigm. He argues that virtually all the dominant theories of development focus on "obstacles" to development. Implicit in these theories is the assumption that development is capitalist development. His examples include Rostow, Meier, Myint, Higgins, Myrdal, Nurkse, Harrod, Kindleberger, Hoselitz, and Viner, all of whom published their major works on development in the mid-50s to mid-60s, the heyday of optimism in the capitalist centers and the growth of the "Third World" business within government and academia. Aguilar Monteverde makes a general statement which will illustrate the negative, or better, negating character of dependency theorists' work in the face of clearly unacceptable and dysfunctional theories of development (which were often "explanations" of underdevelopment, negative in themselves):

> Maybe the common element in bourgeois theories of development which surprises and disconcerts one the most is that, despite the methodological and technical refinements which are boasted in certain models, what escapes them is the social reality of development and

> underdevelopment in their objective examination. Such theories seem to move in a world in which economic phenomena result from immutable psychological laws, extra-economic propensities, individual motivations, vicious circles, linear functions, or in the best of cases, processes of circular causation... One asks where in these theories is imperialism, the asphyxiating pressure of the strong countries on the weak, the brutal exploitation that many peoples of the currently backward areas have suffered, social classes and their irreconcilable struggles, the changes in social structure, waste and corruption; where in this complex, evolving, profound, and vast phenomenon of dependency ... where, in a word, is reality (1967:82).[1]

The critiques of conventional development theories fashioned by Aguilar Monteverde (1967), Tamas Szentes (1971), and Frank (1969), among others, point up the roots of dependency theory in a concern about development and underdevelopment, and in a dialectical negation, to some degree, of the predominant theories. Related to this negation is another which is also responsible for the spawning of dependency studies. This second negation has had special ramifications in North American social science, for it is a negation of another set of predominant theories which have their home in the United States. Susanne Bodenheimer (1971) labels this set of theories the "ideology of developmentalism". She argues that in fact what is generally seen as the theory of development in the United States is rather a consensus of assumptions and interests that form an ideology, rather than a paradigm, in the Kuhnian sense of the term. The dominant thinking about Latin America suffered in explanatory power in the 50s, 60s, and 70s because of biases common to all of political science. Dependency theory has had an appeal in the United States because conventional political science has not been able to empirically explain the basic facts in Latin America. Bodenheimer notes four main themes in United States political science that are responsible for this state of affairs: First, the cumulative notion of knowledge and development which has led academics to equate industrialization and urbanization with development. Bodenheimer argues that as real variables, the former must be seen as themselves determined by historico-social circumstances, specific economic sectors, their relations to multinational corporations, rural development, and unemployment, etc. and are thus dependent variables (1971:15). Second, Bodenheimer discerns a stability bias in Latin American studies in the United States, which stems from the structural-functional school's influence on the "political development/modernization" model. Bodenheimer's critique of the structural-functionalists is conceptual in that the latter see political structure as "the legitimate patterns of interaction by means of which order is maintained." She finds a bias for "systems maintenance and adaptation", where functions become values. Further, "largely because the ultimate utility of research is seen as prediction ... the quest for regularity and order has pervaded explanatory theories and studies of Latin America" (1971:18). Bodenheimer's third perceived bias is that of pluralism. The model of competing power groups sees little in Latin America that corresponds to a ruling class. Nor do the theorists talk of the changing alliances among sectors of the ruling class. Finally, Bodenheimer points out the diffusionist fallacy as based on a view that holds Latin America social formations to be dualist (1971:22), a view precisely the target of Frank's early writings.

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[1] Unless indicated, all translations are my own.

Thus the roots of dependency studies lie in populist nationalism and the developmentalism of import substitution, both pre and post-war. A succeeding stream comes from the ECLA theses on center-periphery trade relations; another comes out of the negation of conventional theories of development; a fourth and related stream is rooted in the critique of predominant United States political science assumptions. One that was briefly mentioned is that of Marxist analyses of Latin American social formations. It should be pursued in somewhat more depth at this point. Fagen (1977) asserts that many of the dependency concepts employed in hypotheses have come from classical Marxist writings. For example, Lenin and other Bolshevik writers developed the concept of imperialism to deal with the international relations of capitalist accumulation. Jalee, Magdoff, Baran, and Sweezy tried to update the Leninist conception. Secondly, Fagen sees dependentista emphasis on class linkages as partially rooted in the Marxist theory of classes. Thirdly, dependency writers' study of unequal relationships and their worsening are partially founded on Marxist models of capital accumulation (Fagen, 1977:8).

Fernando Cardoso (1970, 1977), one of the major writers on dependency, also stresses the continuity of Marxist concepts in dependency studies. In his opinion, the failure of the Alliance for Progress, the victory of Cuban socialism, and the bankruptcy of import substitution meant that the socio-political and theoretical crises coincided in Latin America (Cardoso, 1970:29). Since the political problem was no longer to stimulate transition, as advocated by ECLA theorists and all those within the gradualist developmentalism schools, theorists seeking to break the internal and external dependency relations of domination began to study them more closely as an interconnected whole. The task, in countering both developmentalism and Communist Party orthodoxy, was to avoid vulgar Marxist determination and to break with the economism and apoliticism of the developmentalists (Cardoso, 1977:10). Cardoso asserts that the study of the intellectual history of the twentieth century shows that each generation tries to revive Marxism. Thus, dependency studies are part of a renewed effort to "re-establish the tradition of analysis of economic structures and the structures of domination", to conceive of open-ended historical processes (Cardoso, 1977:10). Dependency studies, in the Marxist tradition, not only aim to describe abstractly the consequence of capital accumulation and its expansion globally, but also to pose questions derived from historically determined views of dependent societies. For example, "what are the forces operating in them, what are their objectives, and how to overcome the dependency situation?" (Cardoso, 1977:11).

The critical assumptions and hypotheses of dependency studies

The proliferation of dependency literature has been reviewed by a number of writers.[2] Dependency has come to mean, with the second and third generation of writers and theorists, the relations of dependent capitalism with metropolitan and advanced capitalism, especially in its imperialist manifestations. Dependency refers to the role of the peripheral social formations in the processes of world capitalist accumulation, and to the effect of the international environment on the the internal social, economic, and political relationships of these same peripheral social formations. In this case, peripheral social formations are distinct from dependent capitalism only in that dependent capitalism is but one instance of peripheral formations. Dependent capitalism refers to the predominant mode of production, and thus property and productive relations, while peripheral social formation refers to the entire polity and includes the political institutions, the political economy, and the culture. A peripheral social formation, in Marxist terms, is thus both the base and superstructure of underdeveloped countries, while dependent capitalism is the base of underdeveloped countries. Samir Amin (1974) is able to designate certain countries as peripheral social formations to the degree that he locates them in a world system of capitalist accumulation which exhibits centers and peripheries.

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[2] See Cardoso (1977), Chilcote and Edelstein (1974), and Chilcote (1974), for extensive bibliographies of the dependency literature.

It is an issue whether or not dependency theory is actually a theory, in the scientific sense of having descriptive, explanatory, and predictive capability. But there is no doubt that it constitutes an alternative focus to the dominant social science models for the study of underdevelopment. For Richard Fagen, "epistemologically dependency theory is in reality a conceptual framework, a set of concepts, hypothesized linkages, and above all an optic that attempts to locate and clarify a wide range of problems" (1977:7). He sets out the descriptive concerns of the dependency framework as the following: (1) The international context of underdevelopment, (2) The understanding of social classes in the light of external linkages and internal contradictions, and (3) The development of underdevelopment, i.e. the conditioning of development in dependent capitalism, and the worsening of unequal relationships throughout the system of capitalist accumulation. Although Fagen does not assess dependency studies in a scientific way, he outlines the outstanding assertions and issues. He finds (1977:9) that dependency writers share the assumption that economic arrangements between humans have primacy in the long run, a notion basically rooted in Marxist political economy and historical materialism. Further, they assume conflictual rather than ordered development, both in the abstract and economically.

These descriptive concerns Fagen sees as part of the ongoing assault on the reigning development models in comparative politics. They have spawned a diverse set of explanations for underdevelopment. Some students of Latin American politics have employed the corporatist model in their studies, emphasizing the Thomistic and authoritarian origins of Latin American societies. Still others locate the roots of underdevelopment in the politics of distribution and the failure of reformism. This latter approach suggests that since the free market is not equal to the task of equitable distribution, state guidance and control may be the solution. But, as Fagen (1977:14) points out, the question here is whether increasing state control diminishes the link between social class and political power. He asks: "Is the Mexican state any more 'autonomous' from domestic, anti-egalitarian class forces today than forty years ago?" (1977:14).

This assault on the dominant theories of underdevelopment and the so-far not completely satisfactory explanations sketched by the alternative views above leads the majority of dependentistas elsewhere. Since they view capitalism's dynamic as the basic cause of underdevelopment, notwithstanding their disputes about external and internal linkages and the role of the middle class, dependentistas are led logically to reject peripheral capitalism and to embrace socialist solutions.

Frank (1974) refers to his admiration for Cuba, while Cardoso (1970:31) argues that a dependent country will achieve autonomy by revolution or not at all. These are the vaguest kinds of reference to socialism, and Fagen (1977:15) remarks that dependency writers have so far spent very little time on the problems of socialist transformation, administration and planning, accountability, and mass participation. For that matter, few dependency writers have gone about detailing the political strategy for the taking of state power. As Fagen puts it, the "models of unequal international exchange and theories of transnational capitalist accumulation so central to dependency thinking do not have direct analogs in the political realm" (1977:17).

Where Fagen outlines the shared assumptions of dependency writers and traces them to mostly Marxist concepts, Chilcote (1974a) finds four basic formulations of the dependency model. The four formulations are those he finds non-diffusionist, in that they reject the idea of balanced and equitable development within the system of capitalist accumulation. The first is that of the "development of underdevelopment", especially Frank's earlier writings. The term refers to the basic assertion that underdevelopment is created, and is not a condition with continuity in the past and present. Frank (1969) argued that today's developed areas were never underdeveloped in the descriptive sense of the word as now applied to "underdeveloped areas." Rather, the former were merely undeveloped. Likewise, today's underdeveloped countries were also undeveloped, but became underdeveloped via the penetration and uneven development of externally introduced capitalism. Frank's earliest formulation (1967) suggested that Latin American political economies have been integrated parts of world capitalism since the Conquest. He argued that commercial monopoly, rather than feudalism imported from Spain and merging with indigenous pre-capitalist modes, was and remained the nature of metropolis/satellite exploitative relations. Thus seen, underdevelopment, with its boom and bust cyclical concentration on the extraction of marketable commodities, is the historical product of metropolis/satellite relations, always conceived as within the development of world capitalist accumulation.

The second formulation of dependency is that of the "new dependency" (Chilcote, 1974a:15). This conceptualization of dependency developed, in Chilcote's view, out of ECLA writers such as Prebisch, Sunkel, and Furtado. The outstanding example is Theotonio dos Santos (1971) who concentrates on the different forms dependency has assumed over the centuries. These historic forms are conditioned by the development of the world economy, the type of production relations dominant in the metropolis and the way in which they expand internationally, and the kinds of economic relations extant in the periphery. Using these indicators, dos Santos defines three broad historical types of dependency: colonial/commercial, financial/industrial (lasting until World War Two), and technological/industrial (1971:228). The latter is the "new dependency", wherein imperialism controls and profits from internal capitalist development.

Chilcote's third school is closely related to both the first and second. He calls it "dependency and development" and cites Fernando H. Cardoso as the major exponent (Chilcote, 1974a:17). Cardoso asserts (1970:66), as do dos Santos and Frank, that dependency must be analyzed historically. He argues also that dependency does not preclude development, even some spectacular development under capitalism. He finds that the penetration of financial and industrial capital sometimes, as in Chile, Brazil, and Argentina, accelerates the accumulation of relative surplus value, the growth of productive forces, and even the absorption of labor-power. But this development within dependency also creates the polarity of wealth and misery, as in the centers (Cardoso, 1977:19).

The fourth school of dependency studies, as defined by Chilcote (1974a:18) is that which locates dependency within imperialism and tries to compare and perhaps reconcile the conceptualizations and theoretical structures of both. Chapter One contained a discussion of the concepts in the theory of imperialism and some major contemporary writers. Later in this chapter I will discuss certain dependency writers who address the issue of imperialism, though it is obviously a thread throughout the literature. For now, it can be stated that any commonality of approach is based on the notion of world capitalist accumulation.

The classical definitions of dependency

A commonly cited definition of dependency cases comes from Theotonic dos Santos: "By dependency we mean a situation in which the economy of certain countries is conditioned by the development and expansion of another economy to which the former is subjected. The relation of inter-dependence between two or more economies, and between these and world trade, assumes the form of dependence when some countries (the dominant ones) can expand and be self-starting, while other countries (the dependent ones) can do this only as a reflection of that expansion, which can have either a positive or a negative effect on their immediate development" (1971:226). Thus, for dos Santos, the theory of dependency is the theory of the laws of internal capitalist development in countries subject to imperialist expansion. He calls this contemporary development "combined". This notion posits an external dependence on the metropoles and a certain internally autonomous development of capitalist modes of production. The structural limits of this desarrollo hacia dentro are in the long run set by the "new dependency", i.e. technological and financial. Import substitution development, i.e. replacement of imported commodities by domestic production, is paradoxically based upon the increased import of capital goods and technology. The drive for profits and efficiency tends to increase reliance on more capital-intensive techniques, thus increasing the need for highly technological capital goods. These increased capital goods imports are financed in two ways, both of which increase dependence. First, international loans and aid procure the needed foreign credits. This has the effect of increasing the external debt. Secondly, the expanding industrial base is forced to rely on the traditional export sectors for foreign exchange. The export sector must be favored, which preserves dependency on a limited range of exports, resources, and primary materials rather than industrial product exports. This in turn preserves backward relations of production in the traditional export sector, with certain exceptions, with the concomitant low wages and limitation of the internal consumption market. This limited internal market is in turn encouraged to provide more of the expensive luxury consumer goods which only the upper income strata can afford.

Thus, in order to develop, underdeveloped countries have needed to import foreign technology. This means, on the one hand, reliance on the traditional export sector and thus a limit on the internal market, and on the other, an increasing foreign debt. The latter is due to the deteriorating terms of trade vis-a-vis traditional exports, and to the increased need for technology. The fact that multinational corporations have a technological monopoly compounds the new dependency. Norman Clark (1975:8-15) shows how a domestic industry usually relies on one complete techno-package from a single multinational firm, since it is easier than shopping around for components. Thus a multinational corporation may make itself indispensable. Further, Clark points out that since technology is not inappropriable, there is a strong incentive for multinational corporations to protect their monopolies via licensing and patents. Finally, the multinational firm can increase control by incrementally making available the latest in technological advances or by withholding them to enhance its own market position, against competition from firms in the underdeveloped countries. The implications for situations of dependency, are the following: (1) Underdeveloped countries are in a weak bargaining position. They must have the techno-imports. (2) The behavior of multinational corporate subsidiaries is conditioned by restrictive clauses in licensing contracts set by parent corporations. (3) Capital costs will be high, encouraging wage depression and capital-intensive methods. (4) The pattern of growth and its pace will be affected via consumption habits, multinational corporate control of which commodities are produced, and the reliance on traditional exports (Clark, 1975:17). Dos Santos concludes that such a process reproduces dependency "when it reproduces a productive system whose development is limited by those world relations which necessarily lead to the development of only certain economic sectors, to trade under unequal conditions, to competition within its borders with international capital under unequal conditions, to the imposition of relations of super-exploitation of domestic labor forces with a view to dividing the economic surplus thus generated between internal and external forces of domination" (1971-235).

The last point of dos Santos' sketch brings up an important point, with political ramifications, about dependency studies. This is the definition of exploitation and domination as cross-national, rather than international. Osvaldo Sunkel (1973:150) declares the rich nation/poor nation gap illusionary. Conceding that there is a process of polarization on the international level, he argues that it conforms rather to a model in which an international bourgeoisie and an international proletariat exist across the world capitalist system. For him the structural effect of transnational capitalism on Latin American countries is national disintegration. First, he sees both center and periphery formations as divided along class lines. Second, he sees international integration as cutting across class lines. Thus, large sectors of the peripheral bourgeoisie are better seen as parts of the international bourgeoisie, while the same can be said of the consumerist middle sectors, and those sectors of labor whose surplus value is directly appropriated by international capital. Only the marginalized have no representatives in the internationally integrated groups. The resulting upward and downward mobility and integration with or segregation from the international class system is the dynamic of national disintegration in Latin America (Sunkel, 1973:169).

Anibal Quijano (1970:98) also concentrates on the correspondence of interests between the dominant groups at both levels of the dependency relationship. He outlines two inter-related dimensions of Latin American dependency: First, the subordinate character of Latin American societies vis-a-vis metropolitan interests, which is determined by the mode of articulation of the former with the latter and the tendencies of change in each historical moment. Second, the subordinate character of the tendencies that Latin American internal power structures have, determined by the concrete nature of the dominant interest and how they articulate among themselves, with respect to the tendencies in relations with metropolitan interests, in each historical moment (Quijano, 1970:101). Quijano sees the concept of dependency as describing and explaining the crisis of bourgeois oligarchic hegemony in Latin America, and perhaps predicting the new military governments. None of the bourgeois factions, determined by their sectoral position in the economy, is predominant, nor are they capable of shaking off dependency on the external bourgeoisies. Thus the crisis of the bourgeois state resulted, e.g. in Argentina, as it confronted the rising groups - the middle sectors, the proletariat, and the marginalized.

Cardoso and Faletto's definition of dependency (1970:26) closely follows that of dos Santos. For them, dependency means that Latin American economic decisions are made externally as a function of the developed economies and their interests. Of course, Cardoso does not remain at this simple conceptual level. He, Faletto, and Weffort, (Cardoso and Weffort, 1970:32) see a certain autonomy in the internal relations of peripheral formations, though the internal reproduction of external forms may become part of the dialectics of the negation of dependency. Cardoso (1977:13) asserts that while underdevelopment is not an automatic concomitant of mercantile and industrial capitalism, as

Frank's early work suggests, the former is still generated by the latter. Thus, "some form of colonial exploitation is present as the basis of articulation between dependent and dominant societies" (Cardoso, 1977: 13). Independent states, according to this perspective, were set up for the interests of the local propertied classes, it is true, though structurally they were still situated within international capitalism, connected and subordinated to the metropolitan ruling classes. Cardoso tried to understand the movement, in a dialectical sense, deriving from "structural dependency", i.e. the internal/external contradictions. Thus imperialism is seen as both the penetration of foreign capital and the internal structural pattern, which is in the long run the reproduction of capitalist social relations, each case being characteristically unique (Cardoso, 1977:13). Dependency theory, then, views the processes of the various forms of capitalist accumulation not as abstract, but rather as concrete socio-historical processes of class struggles within each social formation. It is for this reason that Cardoso finds dialectical analysis present in dependency theory from the beginning. Thus, a dependency situation cannot be approached with positivist, empiricist analysis, but rather using the dialectic, which assumes historical dynamics. Those concerned with dependency theory who approach the phenomena dialectically spend less time in "defining univocal concepts" and more on pointing out contradictions and relationships where the same thing is transformed into the other by the process, in time, of class struggle and qualitative change (Cardoso, 1977:16). The historical question becomes that of the transition from one situation of dependency to another and the ultimate question that of the elimination of dependency. In each case, the issue is "which are the classes and groups, which, in the struggle for control and reformulation of the existing order (via political parties, movements, ideologies, and the state) are making a given structure of domination historically viable or are transforming it?" (Cardoso, 1977:16). Cardoso's most radical departure from those concerned with theory-building is contained in his declaration that, in a struggle within a structure, there are "no dimensions or variables, but rather tensions between interests, values, and appropriations of nature and society, all unequal and in opposition" (1977:16).

The political economy of underdevelopment

While not necessarily defined as dependency theorists, those writers who have concentrated on the political economy of underdevelopment can readily be seen as part of the same traditions which underly the work of such dependency theorists as Cardoso, Frank, dos Santos, and Samir Amin. In this outline of dependency assumptions, concepts, and hypotheses, the political economy writers are an important complement, whose work necessarily forms part of a larger whole, that of a growing theory of capital accumulation on a world scale.

Aguilar Monteverde (1967) approaches underdevelopment as an integrated reality, i.e. the intertwined and historical set of "obstacles" to development. This reality is composed of colonialism, free-trade mercantilism, imperialism, dependency, the tendency to monopoly, the defective and anti-social distribution of wealth and national income, and the unfavorable framework for the accumulation of capital in peripheral formations resulting from this complex of historical and structural factors (Aguilar Monteverde, 1967:83). Both his historical sense and his structural designations unite him with the mainstream of dependency studies as examined so far. Thus when he launches into a discussion of the role of imperialism in Latin America, he is setting forth the historical background of modern dependency in the tradition of Cardoso and Frank. Imperialism, for Aguilar Monteverde, raised a system of commercial relations favorable to the metropolitan centers. Industrial products were imported at a high price to the local consumer, while a few primary products were purchased and exported, for low domestic gains. A perennially unstable market economy resulted, which Frank has outlined in his historical studies of Mexico, Chile, and Brazil (1967, 1969). The expansion of capital export from the imperialist center in the late nineteenth century, while resulting in extensive development, as in Diaz' Mexico, also increased the sectoral disarticulation of Latin American economies (Aguilar Monteverde, 1967: 95). In the case of Mexico, it helped to create the conditions for social revolution. Exported capital was accompanied by monopolies.

Thus, Aguilar Monteverde argues that, contrary to the experiences of Britain, Germany, and the United States in particular, monopoly capital in Latin America is not the fruit of indigenous development. Rather, its foreign and artificial origin distorts the domestic economy, ruining the small local businesses. Also, contrary to the metropolitan experience, monopoly capitalism does not bring with it low costs and efficiency, but rather high costs and high profit remittance (Aguilar Monteverde, 1967:95). Aguilar Monteverde echoes the argument of writers like Frank, Cardoso, and dos Santos that imperialism, while stimulating the growth of Latin American productive forces, increasingly exploits productive capacity, in terms of surplus value extraction and the exploitation of labor, and results in irrational economic growth. Resources are exhausted via monoculture and intensive mining, while the growing significance of foreign trade and international capital flows accentuates economic instability in Latin America, making it more dependent on world market fluctuations. Aguilar Monteverde, like Frank, argues that the relations of colonialism, and imperialism afterwards, introduced capitalism to Latin America at the time of conquest. Thus, Latin America has had feudal characteristics, but not feudalism per se. Therefore, a class-differentiated, rather than a caste society, existed from the conquest (Aguilar Monteverde, 1967:98). This is an issue which is hotly debated and a subject to be touched upon later in this essay.

For Aguilar Monteverde, given that capitalism was imported, rather than indigenously developed, and given its more violent nature in Latin America than in Europe, state intervention in the form of authoritarian and dictatorial governments became the norm, rather than the original guardian state of European capitalism. In this historical context, dependency for Aguilar Monteverde is a structural phenomenon, with economic, technological, cultural, political, and military dimensions, which "greatly influences the physiognomy of the entire socio-economic structure, and in particular, conditions many of the principal features of the system and process of development" (1967:103). Dependency, and here Aguilar Monteverde agrees with Cardoso, does not imply stasis or regression of the productive forces, but "leads to the hypertrophy of some sectors which the dominant foreign classes have an interest in developing, and to the paralysis, even retrogression, of others" (1967:103).

Monteverde's work, valuable in that it shows what concerns an important Mexican academic, is over-rich in typologies: the types of dependence -- financial, economic, cultural, etc.; the types of concentration -- of income, of means of production, of economic capital, etc. Thus, though his work is an attempt to pose an alternative theory of underdevelopment in Latin America, the wealth of classification, on the one hand, and the overlaps in classification, on the other, prevent him from forming a distinct set of hypotheses. And since he does not go so far, as Cardoso does, as to pose his argument in dialectical terms, he is left without an empirical construct or a dialectic of dependency, which would include a detailed socialist negation. His work emerges, rather, as apolemic in the struggle against imperialism and the dependency situation. He does return to the classic Marxist concept of the overriding contradiction of capitalism, that of the low consumption of the masses opposed to the tendency of capitalism to develop the productive forces (1967:174). He asserts that structural reformism cannot avoid this contradiction, and makes an eloquent argument about the inevitability of violence in the struggle for socialism, even where power is first democratically won by the progressive forces (1967:293-94). In this he was vindicated by the events six years later in Chile.

Debates of dependentistas -- external and structural dependency

One of the outstanding questions in dependency studies has to do with the distinction between national subordination and structural dependence. Much of Frank's early work, and that work associated with ECLA concentrated on "a situation of subordination of Latin American countries to other countries with a very high level of industrial development" (Quijano, 1974:398). This can be interpreted as "external dependence" and is exemplified by the dos Santos classic definition of dependency. Contrasting, or better, complementing this notion is that of structural dependence, developed by, among others, Cardoso, Sunkel and Quijano. This latter conceptualization of dependence, refers to the "specific historical laws which govern their (historical formations') specific modes of structuring are dependent on changing modes of subordinated articulation between dominant social interests, at each moment within these formations, and the dominant social interests in the formations at the highest level of development of the system" (Quijano, 1974:397). Frank soon moved to develop his analysis of external dependency and in both Lumpenbourgeoisie (1972) and "Dependency is Dead" (1974) paid tribute to those critiques which urged more attention to the "basic congruence of interests between dominant social groups in both levels of development of the system" (Quijano, 1974:398).

As Frank (1974:90) says, much of dependency thinking is now an establishment commodity. The term "dependency" has great currency in UN Commission on Trade and Development proceedings, international aid agencies, and foreign offices. Both external dependence and structural dependence are well on their way to being incorporated into conventional development theories, in Frank's opinion. Cardoso (1977:14) finds that especially the external dependence notions have gained predominance in North American interpretations. In his Marxist terminology, the two terms of opposition (external and internal dependency structures) have been separated and the approach passes from the dialectical to the structural/mechanical. In the structural/mechanical approach, the most general of Frank's work was taken as his best, dos Santos' definition was appended, the problematics of "subimperialism" and "marginality" inserted, and a "straw man of dependency theory" resulted (Cardoso, 1977:15). North American social scientists looked for methodological "internal consistency" and tried to isolate variables and set up testable hypotheses. In Cardoso's view, one group was saying: "Give me precise concepts, with clear dimensions, and I'll test them and tell you if the relationships among variables in the theoretical framework conforms to the hypotheses", while another insisted that in a dialectical struggle within a structure, to speak of variables and measurements is beside the point (1977:15-16). Thus, Cardoso's pronouncement on the debate over external versus structural dependence is: "I do not agree with the idea that to improve the quality of analysis, the theory of dependency should be formalized so that, after testing hypotheses derived from this formalization, one could venture out into the world waving the banner of the percentage of variance explained by each factor within the situation of dependency" (1977:21).

Quijano (1974) takes up this debate and criticizes the structural dependency notions as inadequate. Cardoso himself speaks of the dialectical nature of dependency studies and shows himself open to change and surprises: "Luckily, as much as social scientists strive to enclose the structural possibilities of history in their own constructs, history continually makes us dupes de nous memes, and astonishes us with unexpected revelations" (1977:21). Quijano argues that while structural dependency may explain the relations between the two levels of the system, i.e. the external dominators and the internal dominators, it does not explain modes of articulation within the dependent social-economic formation. Thus, he advocates more emphasis on the historical character of the internal articulation of the various modes of production.

Debate -- feudalism and capitalism

Closely related to the discussion of external and structural dependency is the treatment of feudalism and capitalism in the dependency literature. The classic statement comes from Frank (1967). As seen earlier, Frank insisted in his early works that capitalism came to Latin America with the conquest in the form of merchant capital and production of commodities for exchange purposes. His purpose was not to deny that pre-capitalist and semi-feudal forms existed but to assert that capitalism integrated these forms for the purposes of colonialist extraction. Further, he was arguing against the orthodox Communist Party designation of Latin America as dualist.[3] The important political meaning here is that if the economies are dualist, it implies the historical primacy of a bourgeois democratic revolution over the socialist revolution. Frank argues that with an integrated economy, the immediate enemy becomes the domestic bourgeoisie and capitalism.

The best critiques of this view have come not from the Communist parties, but from independent leftist academics. Marvin Sternberg (1974:78) points out that the existence of pre-capitalist modes of production does not mean dependency cannot exist. Secondly, if capitalist predominance in Latin America could be proved as beginning with the conquest, then it would date that predominance as historically previous to capitalist predominance in Europe. This would mean the rejection of Marx's analysis of capitalist development in Europe. The issue seems partly one of semantics. Frank calls mercantile capitalism a mode of production, where in reality it is a mode of exchange relations, a system of extraction via market relations. The value of his argument is to show that slavery and semi-feudal modes of production were integrated with the expansion of merchant capital and later industrial capitalism in the metropolis.

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[3] The view that Latin American societies have separate feudal and modern sectors.

Ernesto Laclau (1971:24) also credits Frank with an effective argument against dualism, but goes after the same lack of conceptual clarities. He argues that Frank never defines capitalism, whether it may be the relations of exchange (mercantile) or the relations of production (wage-labor production). As he writes, "surely there was exploitation, but not a free labor market", the sine qua non for capitalist production (1971:25). Sternberg (1974) tries to reconcile Frank and Marx. In his opinion, it would be better to argue that with the emergence of capitalist productive relations in Europe, from the eighteenth century onward, there was a concomitant expansion and penetration of capitalist productive relations in the satellites. For Sternberg, the key in the debate is the frame of reference. If one takes the dependency notion and denotes the predominant mode of production as that in which a plurality of the workforce is engaged, then until recently many Latin American countries have been pre-capitalist and semi-feudal. But using the international system of the accumulation of capital as a framework, then one can argue that the periphery fulfilled a function in capitalist relations of production since the 18th century, with capitalism predominant. This would be so because capitalism is predominant in the center of the system and thus in the system as a whole (Sternberg, 1974:78-79). This is a view which emphasizes the external nature of dependency, and which structural dependency writers might view as superfluous.

John Taylor (1974) criticizes Frank's conception of capitalism in somewhat more detail. Frank can call Latin America "capitalist from birth and conception" because he defines capitalism as a system where the surplus value is appropriated by non-producers in a commodity production process. As Taylor points out, that makes capitalism the dominant mode in ancient Rome and Greece, and in the Middle Ages (1974: 10). In Taylor's opinion, Frank erred first of all in using the term "economic surplus", which he had inherited from Paul Baran. This concept prevents questioning why one particular mode of surplus utilization is dominant at a given time, or why non-capitalist superstructures survive. This leads into another critique of Frank, by both Laclau and Taylor. In attacking Frank and other early dependentistas, Laclau (1971:32) writes that "by trying to situate the fundamental contradiction in the field of circulation rather than production they go no more than halfway towards an explanation of why development generates underdevelopment." Taylor (1974) calls this the "underconsumptionist problematic" and finds Baran and Frank both economicist and reductionist in this neglect of the relations of production. Taylor's more closely Marxist analysis of social formations finds them as "containing a number of relatively autonomous superstructures, determined in the last instance by a particular combination of invariant elements: the laborer, the means of production, and the non-laborer" (1974:12). The problem in peripheral social formations, with this emphasis upon the mode of production and social relations therein, is to trace the historical development of non-capitalist social formations and the effects thereupon of the various forms of capitalist penetration. The Baran and Frank problematic cannot, as it stands, answer the following questions: Do tendencies towards separation of direct producers from the means of production develop in pre-capitalist forms in Latin America? Do the various forms of capitalist penetration promote or retard such separation? What are the processes by which primitive accumulation takes place in the various social formations in Latin American history? What were the major historical junctures where these combinations of elements came about? (Taylor:16).

General critiques of dependency theory

As of 1974, Chilcote and Edelstein (1974:45) write, dependency theory remained largely unvalidated empirically. They conclude that it holds much more research promise than the diffusionist model for description, explanation, and prediction. They cite NACLA (North American Congress on Latin America), Petras (1975), Cardoso (1970, 1973), Johnson (1974), and Aníbal Quijano (1971) as having empirically applied the dependency model with success.

Fagen's criticism (1977) is twofold. First, dependentistas are vague on the alternatives to capitalism. Second, Fagen points to changes in contemporary Latin America. He notes, for example, "the increased decisional latitude" of Latin American governments to open relations with Cuba and other socialist countries in the areas of trade and diplomacy. The increasing indebtedness of Latin American countries raises a conflict of interests that might prod anti-imperialism, even in reactionary regimes. Moves towards regionalism might tend to reduce dependency. Finally, redistribution efforts to the benefit of local elites could heighten the contradiction between the latter and the multinational corporations (Fagen, 1977:17).

Bath and James (1976) want dependency theorists to clarify the concept of class and to show how elite pluralism is not the definition of Latin America's elite structures. They claim that dependency theorists have not shown that Latin American elites exhibit cohesion and class consciousness, nor that they act in a unified way to further their own interests, especially in tandem with those of the foreign elites (1976:15). Bath and James also assert that dependency writers ignore personalismo, the complexities of policy-making in the United States, the terms of trade, foreign investment patterns, the possible dependency of Cuba, and the overpopulation problem. They also find the choice between revolution or militarism too limiting (1974:33). The major counter-argument here is that the research concerns of Bath and James are framed within the paradigm-surrogate that Bodenheimer (1971) outlined. This framework has failed to explain adequately underdevelopment and dependency situations.

David Ray (1973) is another writer criticizing dependency studies from an ideological perspective. He prefers to see dependency as a permanent feature of historical international relations, with no specific link to capitalism. Also, he denies that capitalist expansion into the Third World is always exploitative. Working from the Keynesian model, Ray takes the diffusionist view that technology and consumption patterns introduced by foreign investment in the Third World will eventually develop those areas. Finally, Ray asserts that, since in his estimation dependency is not limited to capitalism, the dependency writers have neglected the notion of Soviet imperialism and, for instance, Cuban dependency.

An essay that gets at this specific issue is that by Guy Gilbert (1974). Gilbert asserts that "the validity of (Ray's) criticism can be shown if socialist dependency is the functional equivalent of capitalist dependency" (1974:108). It should result in capital drain, trade imbalances over time, raw material export specialization, and retarded industrial development. Gilbert's research enables him to conclude that such relations, especially political, that may constitute a form of dependency between the USSR and other socialist countries are qualitatively different from capitalist relations of dependence: "... trading patterns between Eastern Europe, as a whole, and the Soviet Union are not characterized by an exchange of raw materials for manufacturers ... "the diverse exports of the East European countries compared with the specialization in raw material exports by Latin America are also reflected in the trade balances ... "no investment capital, is in the hands of individual or private corporations ..." The Soviet Union does not exercise dominance over its post-capitalist trading partners through the ownership of their means of production or investment capital; through the distribution sector, or via finance capital (1974:109-117).

Debate -- dependency and imperialism

There are two inter-related issues involved in the debate about imperialism and dependency, and their relationship. First, the outstanding political question is whether the external structures of dependency, or the internal power structure, which benefits from and is an integral part of dependency situations, is the immediate enemy in the battle for national independence and development. Worded otherwise, the issue is the nature of the anti-imperialist struggle. Will it take the form of an anti-feudal, anti-imperialist democratic national revolution, using the tactic of the broad popular front formed by the peasantry, the proletarian, the middle sectors, and the national bourgeoisie? Or should the struggle be rather the immediate institution of socialism, thus making capitalism, the national bourgeoisie, the traditional oligarchy, and the foreign bourgeoisie the common enemy? This is the same problem of revolution in backward capitalist countries in the era of imperialism that tied up the Bolshevik Revolution in the 1920s. The second issue also is one of autonomy, in the Marxist sense. The question is whether the peripheral social formations have any degree of independence within the imperialist system.

Positions on both of these issues range widely. Developing her concept of the "infra-structure of dependency", Susanne Bodenheimer (1971:176) flatly calls dependence and imperialism "two names for the same system". For Bodenheimer, dependency studies represent the view, within this monolithic system of imperialism, "from below", while the theory of imperialism is the view "from above". The infrastructures of dependency (defined as dependent industrialization, capital markets, distribution systems, and clientele classes such as the internal bourgeoisie) perform in the dominated country the same functions as the former colonial apparatus did (Bodenheimer, 1971:164). The difference is that the institution of dependency infrastructures are more profoundly rooted, but the direction of causality and determination remains the same as in previous forms of domination. For Bodenheimer, dependency is determined by the characteristics of the international system, which include the dominant form of capitalism, the needs of the dominant nations, the degree of capitalist concentration internationally, i.e. imperialist hegemony or inter-imperialist rivalries, and the nature of world trade (1971:160). Thus Bodenheimer sees the dependency model as deficient in that it is not explicit about the forces and contradictions in the metropoles which generate capitalist expansion and the phenomenon of imperialism. Further, she asserts that the dependency model treats neither the relationship of capital and the state in the center nor the nature of the metropolitan ruling classes (1971:169).

Fernando Cardoso (1974) is influenced by the Leninist model of imperialism. He feels that the Leninist model cannot be discounted merely by asserting, as does Galeano (1971:215), that the export of capital no longer characterizes imperialism. Cardoso prefers to take the more general view that though imperialism has changed, as dos Santos argued, to an emphasis on capital extraction and investment in the most advanced sectors of underdeveloped economies, the driving force behind imperialism remains the same: the accumulation of capital and the reproduction of the capitalist relations of production. However, Cardoso distinguishes dependency from imperialism as the more specific mechanisms and relationships between local and international structures (1974:66). This view stresses the qualified autonomy of internal structures, processes and contradictions of peripheral formations and argues that the dialectic of relationships is more important to analysis than seeking causality in the "external factors of underdevelopment."

Nicos Poulantzas (1974) places the debate in the context of world capitalist expansion. The extended reproduction of the capitalist mode of production involves both its reproduction in the social formation where it originates and also its extension outside. Like Luxemburg, Poulantzas (1974:147) argues that capitalism can only exist by expanding into and extracting surplus value from non-capitalist modes of production. Like Bodenheimer, he asserts that the specific nature of capitalism's uneven development depends on the forms that the dominance of the capitalist mode of production takes internationally and domestically over other modes of production. Uneven development results from "the articulation, in its reproduction, of the capitalist mode of production, and of the modes and forms of production it encounters in the social formations" (1974:148). This dominance tends to both dissolve and also to conserve the various non capitalist modes. Dependency is a characteristic of the social formations penetrated by the capitalist mode of production and is qualitatively different from dependence under commercial capitalist domination and colonialism. This difference is due to the development of imperialism: "The process of imperialist domination and dependence now appears as the reproduction, actually within the dominated social formations and under specific forms for each of them, of the relation of domination which links them to the imperialist center" (1974:148). Poulantzas sums up the dialectical relation of dedendence and imperialism with the extended reproduction of the capitalist mode of production, which my paper equates to the accumulation of capital on a world scale, in the following way:

> The organization of class relations and state apparatuses in the dominated and dependent formation reproduces within itself the structure of the relation of domination and thus expresses in a specific manner the forms of domination characterizing the class(es) in power in the dominant social formation(s). This domination corresponds to both indirect (through the position of the dominated formation in the imperialist chain) and direct (through direct investments) forms of exploitation of the popular masses of the dominated formations by the classes in power in the dominant

> formations. This exploitation is articulated with the exploitation they suffer at the hands of their own classes in power. Each phase of imperialism is marked by different forms of realization of this domination and dependence (1974:148-49).

Poulantzas finds that dependence, defined as the development of underdevelopment, peripheral industrialization, blockages in the economy, and the internal disarticulation of social relations, has been the subject of much study recently, while less attention has been paid to the modification in the imperialist chain of intermetropolitan relations. Poulantzas argues that the current form of imperialism engenders two kinds of dependence: First, that resulting from center-periphery relations, and second, that resulting from "the establishment of relations of production characterizing American monopoly capitalism and its domination in the very interior of the other metropoles of this new relation of dependence" (1974:151). Poulantzas concerns himself with this second form of dependence, while writers such as Cardoso concentrate on the dependency structures of peripheral formations, all within the model of the extension and reproduction of the capitalist mode of production.

Marvin Sternberg (1974) sees the dependency/imperialism debate as one requiring reconciliation, since the question has political importance for furthering the struggle for development in Latin America. For Sternberg, underdevelopment is characterized by the co-existence of various modes of production. Agreeing with Poulantzas and Cardoso, he argues that "imperialism and dependency are integrally related today" in the process of capitalist expansion and consequent uneven development. For Sternberg, this integral relation of imperialism and dependence and thus of the various Latin American ruling classes and the metropolitan ruling classes means that liberation forces must defeat both the national ruling classes and imperialism. The size of the surplus under monopoly capitalism has meant that antagonistic ruling classes, as distinguished by the different modes of production and sectors from which they draw surplus value, have been able, often, to co-exist in Latin America. It is for this reason that Sternberg, like most dependency writers, makes the internal ruling classes the direct enemy. As in pre-revolutionary Russia, the national bourgeoisie is aligned with both the traditional oligarchy and the international bourgeoisie, and cannot lead the anti-imperialist struggle nor champion internal reforms.

Finally, there is the current Maoist argument that dependency theory is a revision of the Marxist theory of imperialism. This view, expressed in North American academic circles by Raul Fernandez and José Ocampo (1974) concurs with the orthodox Communist Party argument that imperialism and feudalism are the immediate enemies and that a two-stage revolution is the correct strategy (Fernandez and Ocampo:33).

Fernandez and Ocampo argue that underdevelopment is the lack of capitalism, rather than being due to capitalism, and that thus the feudal structures must first be swept away. Both Cardoso (1974:66) and Harding (1974:64) reject the characterization of Latin American agriculture as feudal. For them it is rather colonial and latifundist, extracting surplus value in the form of commodities for exchange on the market and thus a profit.

It seems that, through the disagreements over whether dependency is another word for imperialism, or constitutes an autonomous class, the majority opinion rejects such an empirical distinction or equation. Most dependency writers prefer to see imperialism, perhaps in itself a term more broadly applicable, and dependency, a term which describes, as Bodenheimer put it, relationships and structures "from below", as best conceived as phenomena within capitalist accumulation on a world scale. This majority tends to exercise a more dialectical epistemology than those arbitrarily distinguishing imperialism and dependency.

CHAPTER THREE

IMPERIALISM AND DEPENDENCY IN MEXICO

In this chapter I will use the conceptual framework of dependency studies and the Marxist theory of imperialism to develop a picture of the Mexican political economy. A number of references will be made to academics working within these frameworks. Many of these academics are Mexican social scientists whose work is known in Mexico and among North American Mexicanists. Extensive reference to their theoretical and empirical work will aid in providing an assessment of imperialist activity in the Mexican economy and the dependent status of that economy.

While most Mexican scholars of the subject at hand make references to classical Marxist writings, American neo-Marxists, and other Latin American dependency writers, the tradition of critical studies of political economy in Mexico is itself well established. This is largely due to the revolutionary tradition of anti-imperialism and anti-capitalism.[4] The writer most often cited is Alonso Aguilar Monteverde, probably the central figure in radical Mexican social science. It will be instructive to briefly outline some of his thoughts on dependency and imperialism with regard to Mexico.

From the very beginning Aguilar Monteverde expresses a revolutionary outlook. He is not concerned with establishing the hegemony of Marxist science by showing its epistemological and theoretical superiority: "The profound examination of the course traced by the backward countries is necessary not only from a scientific point of view; it is also indispensable in order to advance in the political struggle which, sooner or later, will have to lead to their liberation" (1968:13). However, this is not to say that Aguilar Monteverde rejects the classical Marxist concepts of base and superstructure, or that of the primacy of the relations of production in social analysis. For him, the relations of production comprise the forms of ownership of the means of production, the position of various social groups in relation to productive activities and the forms of the division and distribution of the social product, derived from the positions human beings have within the cycle of production (1968:20). This materialist view is the basis of Aguilar Monteverde's social inquiries. It becomes a historical materialist method in that his work treats history as a process and a progression of modes of production, with their consequent social formations. Such a position is echoed by another important Mexican social scientist, Fernando Carmona: "To analyze the historical genesis of a structure is to analyze the conditions of the appearance of its internal elements and their relative position" (1971:9). Carmona's formulation reflects a concern with the notions of contradiction and dialectics, the abstract theoretical basis of Marxist social science.

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[4] See James Cockcroft (1969).

In Chapter Two it was seen that one of Frank's most basic assertions was the denial of feudalism as a historical form in Latin America. Frank argued that capitalism in Latin America began with the Conquest. Though most Mexican social scientists with a Marxist point of view may prefer to give details and qualifications, they generally accept this notion. Thus, Aguilar Monteverde states categorically: "The truth is that from the first moment after the Conquest, there are present in our economy certain typically mercantile relations whose importance ought not to be underestimated" (1968:27). José Luis Ceceña begins one of his studies with the declaration that "superexploited countries are in the capitalist phase of their development; or at least, the origin of their backwardness is in that phase" (1970b:28). An even stronger and more rigorously Marxist statement comes from Fernando Carmona: "From the beginning of the Colonia there has been a 'classic' capitalist situation: the expropriation of the working people, the dispossession of their means of production, their submission to the general conditions that oblige them to sell their labor-power in order to survive" (1971:21).

Aguilar Monteverde and Carmona, without saying so in so many words, align themselves with Samir Amin's conception (1971, 1973) of capitalist accumulation on a world scale as the history of development and underdevelopment. Carmona writes: "Development and underdevelopment are none other than two manifestations of the same world process of capitalist expansion" (1971:136). Primitive accumulation is the separation of the producer from the means of production, and as Marx showed in Capital (1967), is necessary for the capitalist mode of production to become established and to develop its superior powers of productivity and organization. Marx's example in Capital was Britain and by extension, Western Europe as a whole. However, in Mexico and other Third World areas, though primitive accumulation occurred as it did in post-feudal Europe, the resulting capital was destined for export. What capital did remain in the colonies was prevented from expanding into manufacturing by metropolitan controls and protectionism (Aguilar Monteverde, 1974:79). In Europe primitive accumulation was accompanied by the growth of the internal market and the productive investment of capital. In Mexico, the internal market never was an internal market: "Under the capitalism of underdevelopment the internal market is always something else, an international market, open to the exterior, an integral part, one could say, of the world market" (Aguilar Monteverde, 1974:90).

From this point of view, the early economic forms of Mexico, such as the encomienda, the repartimiento, and the hacienda, can be none other than instruments of primitive accumulation linked to the metropolitan, and thus to the international, markets. Certainly there were semi-feudal "survivals", due to the extreme concentration of wealth in the Colonia, the tendency of the imported ruling class to emulate the remaining decadent feudalist forms of Spain, the lack of real capitalist development such as manufacturers, and the defensive reactions of the indigenous peoples (Carmona, 1971:96). Nonetheless, the principal aspect of the contradiction between the deformed remnants of feudalism and nascent capitalism in Mexico was mercantile capitalism. The encomienda was a source of labor-power that often translated into products for the commercial centers. Any conquistador aspiring to a luxurious life-style was dependent upon purchases of goods from the outside world via the Spanish commercial monopoly. The repartimiento grew from the contradictions of mercantile capitalism. On the one hand, there was a need for free labor, especially in the mines and in the production of local consumer goods, such as foodstuffs. On the other hand, there was a need to have labor concentrated in certain areas (Aguilar Monteverde, 1968:31). The resolution was to grant a certain group of indigenous people to the settler conquistadores in a modified slavery.

The hacienda, a form which characterized the balance of the three hundred years of New Spain, was not an essentially feudal import from Spain. Aguilar Monteverde (1968:38) considers the hacienda a largely commercial economic form, rather than one of subsistence and self-sufficiency. Wolf (1959) qualifies this assessment in showing that the hacienda was a hybrid economic form, retaining some feudal qualities while orienting itself to the market economy as a whole. The low level of productivity which might be labeled self-sufficiency was always capable of expansion when the external demand warranted it. Thus the hacienda's history was never static, but rather dynamic, ultimately governed by its relationship to merchant capital. Instituting taxes on the indigenous population, along with the repartimiento, created the source of capital, labor-power. The debt system also created a semi-feudal relationship on the hacienda between the landlords and the peones. But the motive force behind the hacienda form was the merchant capitalist market and the demand of the Spanish crown and its commercial backers for a paying colony. What was essentially the expansion of the hacienda "Latifundismo was not ... the expression of a stationary, unproductive, and feudal economy ... rather it arose as a response to the necessity to increase production" (Monteverde, 1968:36).

The three economic forms discussed can also be analyzed from the point of class distinctions. The original oligarchy was the metropolitan Spanish ruling class. Even this assertion must be qualified. In the early period, though Spain was the nominal ruler, it actually received only 5% of the commerce of New Spain. One third was in Dutch and Flemish hands, one fourth went to the French, one fifth went to the Genoans, the English got 10%, and the Germans got the remainder (Galeano, 1970:36-37). This explains why Jorge Carríon claims that the Mexican bourgeoisie of the colonial period "rode on two lost father lands" -- decadent Spain and plundered Mexico (Carríon and Aguilar Monteverde, 1972:16). From the beginning, circumstances militated against an independent and nationalist bourgeoisie.

Another qualification must be made regarding the metropolitan ruling class. It was far from monolithic. Certain feudal forms survived, in the parts of Spain where the aristocracy held sway. The commercial bourgeoisie, however, was stronger in some areas, such as the southern port cities (Carríon and Aguilar Monteverde, 1972:20). Palerm Vich (1968:96-98) argues that Catalonia itself was at the Italian city-state level of development, whereas Castile had a noble-bourgeois standoff. The contradiction that resulted from the acquisition of the New World was that the aristocracy in Spain benefited, contributing further to the decadence of Spain in an era when capitalism was developing in Northern Europe. The wealth that remained in Spain was spent on luxurious living for the aristocracy and the royal courts. The middle class had to struggle. In New Spain, it could play the middlemen for mercantilism, but was blocked from any meaningful investment and economic development. The colonial period was thus largely one of primitive accumulation for the benefit of backward Spain and nascent European capitalism.

The conquerors in Mexico were, at first, not the only ruling class. Subservient to the royal houses of Spain, they constituted "a stratum, placed at the apex of the indigenous pyramid" (Palerm Vich, 1968:93). The property of the native aristocracy and their political authority was respected. The Aztec priesthood, however, was dispersed, persecuted, and annihilated, with Catholic missionaries replacing them. The ideal economic form, for the accumulation of capital in the early period was thus the encomienda, which "left practically intact the native social and economic organization" and facilitated the collection of tribute (Palerm Vich, 1968:93). Gradually, the indigenous upper class was absorbed and eliminated.

The hacienda, as I have argued, was rooted more in the situation in Mexico than in decadent Spanish feudalism. It marked the increasing value of private property as a source of wealth. The encomienda and the repartimiento, along with disease, had drastically reduced the indigenous population and disrupted local agriculture (Palerm Vich, 1968:94). In this situation, the small middle class was still kept marginal and had to rely on shopkeeping, middle-man activities, and occasionally small artisanal enterprises. During the encomienda period, the middle class had no access to private property, and in the hacienda period, it was reserved for the aristocracy and the Church (Palerm Vich, 1968:99).

By the end of the eighteenth century, society in Mexico was a hierarchy of contradictions, most of them based on racial and ethnic qualities. The hierarchy was reflected in economic forms. The indigenous aristocracy had long since been eliminated. The peninsular Spaniards occupied the top levels of administrative, educational, juridical, fiscal, and religious systems. The criollos, or Mexican-born Spaniards, discriminated against by the gachupines (peninsular Spaniards) were divided themselves between those who had positions with the gachupín establishment and the less privileged. The criollos attempted to improve their position via agriculture for export, mining, commerce, manufacture, and the clerical and administrative professions.

However, all these areas were dominated by the gachupines. Finally, there were the dispossed masses, comprising 68% of the population. Their annual income, translated in the values of 1968 was under fifty dollars. Twenty-two percent of the population, generally the lower class criollos and gachupines, received up to three hundred dollars annually. The remaining 10% lived quite well (Mendizabal, 1968:21).

The 1810 revolution was the temporary union of the two lower classes in a nascent nationalism against the Spaniards. The underlying contradiction, however, was located in the agrarian problem. The Indian masses fought for the restoration of their lands and communal modes of production. The oriollos provided the leadership and urban organization, but against the gachupines, rather than against the entire social reality. The end of the Spanish empire in Mexico was to some extent like the end of the Romanovs in February 1917. The international situation, Napoleonic Wars in the former case, and World War I in the latter, severely undermined an already decadent regime. The energy and numbers of the masses in each situation were the concrete forces which defeated the ancien régimes in the field. But in the end state power remained in the hands of elites who, due to their own class interests, could not revolutionize the entire social structure. Such a situation resulted, in both epochs, in a submission of state power to external imperialist interests and to internal opportunism and political disorganization. Thus, military dictatorships resulted, Santa Anna in Mexico and the Kornilov alternative in Russia.

Carmona (1971:203) views the post-independence period as the change from colonial to semi-colonial status. Mexico went through military dictatorship, invasions and loss of territory, a foreign-imposed empire, and finally the enthronement of positivism in political power. As Ceceña sums up the half-century following independence, "Mexico found itself reduced to less than half its original territory, with a foreign debt of more than 80 million pesos (in 1870), an internal debt of 39.5 million pesos, and a backward and dependent economy" (1970: 46-47). This period was characterized globally by the expansion of British commercial and financial hegemony, and in Mexico it meant an influx of direct investments in mining, the control of commerce by London-based groups, and indirect investments in the form of loans and purchases of Mexican government bonds by London bankers.

Dependency in Mexico took on new structural dimensions when capitalism as a whole entered the imperialist era. As Aguilar Monteverde put it, "at the moment when capitalism in Mexico and in other Latin American countries was in a position to initiate a greater industrial development than that heretofore achieved, the birth of imperialism frustrated that possibility and converted the peripheral nations of the system into primary producers and into markets and zones of influence for the great powers" (1968:204). Thus, just as capitalism, in its competitive form, as distinguished from mercantile capitalism, was establishing itself as the dominant mode of production in Mexico, monopoly capitalism assumed hegemony in the world capitalist system as a whole. As a result, the world division of labor, markets, and resource bases was reinforced in the peripheral areas. Thus, as Aguilar Monteverde (1968:205) argues, while dependency was a factor in Mexico's political economy before 1880, it became the essential feature of Mexico's development thereacter.

By 1910 the contradictions of dependent development resulted in a revolutionary situation. Molina Enriquez (1968), writing in 1908, saw Mexican society as divided into two basic groups, much as was Russia in 1905 and 1917. The upper classes, with the "foreigners at the top and among them, the Yankees being superior" were not clearly separated from the working classes by a definite Mexican middle class (Molina Enriquez, 1968:61-62). Those bourgeois sectors that did exist, represented by what now forms a large part of the revolutionary pantheon, e.g. Madero and Carranza, took up the nationalist cause against imperialist domination (Aguilar Monteverde and Carrion, 1972:35). Complementing this struggle, as in the Independence movement, was the more basic class struggle of the campesino against the hacendados and latifundistas, and against the large capitalist growers. For Roger Hansen (1971:89), the paradox is that a businessman's government resulted from a radical and violent social opheaval. Though Hansen avoids Marxist terminology, he is correct in seeing that in large part the result of the Mexican Revolution was a bourgeois revolution, led by a middle class that later matured into an oligarchy, and bled for by the campesinado, the rural Mexicans.

Nonetheless, certain major changes were wrought by the 1910-1940 upheavals: "The revolutionary changes gave Mexican development, until recently, a permanence and stability unusual in the Third World" (Carmona, 1971:158). The outstanding changes were: (a) the agrarian reform and (b) state capitalist development of the infrastructure, including national energy monopolies. The Mexican GNP grew at 8.2% annually in the 1930s (Carmona, 1971:158). Certain anti-imperialist actions taken during the revolutionary period of 1910-1940 were to the advantage of the Mexican bourgeoisie and the detriment of foreign, mostly American, exploiters. Article 27 of the 1917 Constitution proclaimed national ownership of all lands, waters, and subsoil wealth. Primary access to private ownership was reserved for Mexican nationals and foreign ownership was restricted. Nevertheless, imperialism did not remain silent in the face of this article, nor in defense of its investments in Mexico: The International Committee of Bankers, formed in 1919 and comprising American, British, and French banking interests, exercised pressure on the Mexican government for twenty years to secure payment for debts incurred by the Diaz regime (Ceceña, 1970:113). The United States government withheld diplomatic recognition for years. The Obregón administration, via the de la Huerte-Lamont Convention, was forced to recognize an enormous external debt, one of 1.45 million pesos (Ceceña, 1970:114). In 1923, with the Bucareli Convention, the Obregón government agreed to a non-retroactivity clause regarding expropriations under Article 27 and payment in cash for future expropriations of foreign-owned property. As Ceceña says, "with these concessions, the American government effectively annulled the effects of Article 27, protecting the interests of the mining and oil companies which had obtained their property in the Porfirio Diaz epoch" (1970:115). In return, the United States granted diplomatic recognition. By 1929, United States private investments were at the same dollar level as in 1911 (Ceceña, 1970:117).

Given the pressures of the times, i.e. external and internal bourgeois demands on property and surplus value, the achievements of the Revolutionary period are that much more impressive. By the time Cárdenas came to office, foreign multinational corporations still dominated the most important sectors of the economy and latifundismo still held sway in large areas. Cárdenas' policies of agrarian reform, state

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intervention in the economy as a major investor, and nationalizations confronted this situation. In 1935, foreign direct investments reached 3.9 billion pesos, and they dropped to 2.26 billion pesos in 1940, Cárdenas' last year in office (Ceceña, 1970:124). The foreign debt, although it had increased, had done so because of the compensation due for oil, land, and railway expropriations. The debt did not climb because of new loans to Mexico. The roots, then, of prolonged stability and economic growth lie in the revolutionary changes realized in the Cárdenas presidency.

Indicators of Underdevelopment

The economic growth of Mexico in the 1940-75 period has to be characterized largely as growth, not development. That this is so is evidenced in many ways. The indicators of underdevelopment are generally statistical and deal with poverty, income distribution, malnutrition, housing, inflation, unemployment, utility services, medical care, literacy, and welfare. The best-known and most-quoted sources of statistics are the Mexican government census figures and those collected by Ifigenia M. de Navarrete (1960). González Casanova (1970) uses figures from the 1960 census.

David Barkin (1975) analyzes Navarrete's data on family income by deciles in 1950, 1968, 1963, and 1969, finding that "Mexico is a country of poor people living in the midst of an elite becoming rich at their expense" (1975:64). Barkin finds that the average monthly income of the richest 5% of Mexican families was, in 1970, before the greatest inflation hit, thirty-six times that of the poorest 10%. Further, the 36:1 ration had increased from the 30:1 ratio of 1950. Throughout the period covered by the data, "the richest tenth consistently received about one half of the total income while the poorest one half received less than 20%" (Barkin, 1975:65). A glance at the decile income data reveals that the "bottom 70% of the families ... experienced a relative deterioration in their share of the national income" over the 1950-1969 period (Niblo, 1975:110-111). In 1950, the bottom 70%, with an average monthly income under 80 dollars, received 31.6% of the national income. By 1969, while the family monthly income figure had risen to 140 dollars and under, with most families under 80 dollars, the share of the bottom 70% had fallen to 27%.

Navarrete (1970) used the Gini coefficient to describe income distribution in Mexico as compared with other countries. It increased from 0.50 in 1950 to .55 in 1963 (Niblo, 1975:111). Mexico's Gini coefficient was higher than that of Venezuela, El Salvador, Brazil, Panama, and Colombia, which average between 0.53 and 0.47 (Niblo, 1975:111). David Felix (1977:111) cites a sample of forty-three underdeveloped countries in the mid-60s, with Mexico's Gini index of income distribution the fourth highest. In only eight of the countries was the income share of the richest 5% higher than in Mexico. Felix concluded that the material lot of the lowest 40% "has changed negligibly since 1910: the upper 60% has gained absolutely, but the top 20% far greater, relatively. The period 1940-1975 has seen greater distribution distances" (1977:111). Felix's data produce a Gini index of .605 for both 1910 and the 1960s (1977:112).

In a review of the 1970 census figures, Niblo (1975:116) shows 71% of Mexican families earning less than 1000 pesos (80 dollars) monthly. He points out that the situation changed little from 1960, which census year supplied the figures for González Casanova's study Democracy in Mexico (1970), and that 5-6% inflation during the 1960s meant that real income fell. This whole income distribution pattern is summed up by Roger Hansen (1971:87): "No other Latin American country has provided more rewards for its industrial and commercial-agricultural elites. No other Latin American government has done less directly for the bottom 25% of the population.".

The picture painted above is aggravated when the unequal income distribution between rural and urban dwellers is pointed out. González Casanova (1970) developed his concept of "internal colonialism" and "marginality" largely from a comparison of urban and rural living standards. Felix states (1977:112) that in 1963 the three metropoli, with 16% of the population, enjoyed 34% of the national income, while campesinos, 45% of the population, received only 25% of the income. Niblo (1975:112) cites a Mexican Chamber of Commerce statement that the Federal District alone accounted for 52% of national retail sales, with fully 71% occurring in the three largest cities combined.

A well-known Mexicanist, Martin Needler (1971), has questioned the extent to which rural marginality is a function of unequal income distribution and its presumed permanence. Arguing that the marginalized of Mexico will "catch up", he notes that "the various authors who argue that the economic advances made in Mexico in recent years have been made at the expense of the poorer classes cite data primarily from the Avila Camacho and Alemán periods, ignoring subsequent tendencies" (1971:51). Needler points to the "steadily decreasing proportion of the total population" that the marginalized constitute, and finds marginalization due more to the survival of Indian Mexico and unmodern attitudes than to the transfer of social surpluses (1971:99). This position seems to be based upon an observation of increasing overall productivity and urban immigration during the 1960s. The later period of inflation, unemployment and rural proletarianization does not enter into his calculations, as it does in the work of Niblo, Felix, Barkin, and Alisky, who also had access to 1970 census data. Nor do the processes of concentration of agrarian productive capacity in the hands of the bourgeoisie and the flood of rural Mexican labor power to the United States enter into his considerations.

In a country where buying power is already severely limited by income concentration, inflation strikes the 71% of families earning less than 80 dollars a month harder than in developed countries like the United States or Canada. The New York Times (April 18, 1977) reported a rate of more than 25%. The Bank of Mexico reported on January 17, 1976 that the 1975 inflation rate was 11.3%, while that of 1974 had been 20.6%. In November, 1976, the Bank reported a rate of 24% for the year (cited in Alisky, 1977:109). Anyone living in Mexico in the mid-70s knows these figures are probably underestimated. Exacerbating this inflation, again from the point of view of the 71%, was the devaluation of the peso in late 1976. The peso essentially was cut in half, a boon to the tourist and the purchasers of labor power, but a new hardship for the majority of Mexicans. Niblo (1975:117) uses some statistics to illustrate what inflation has meant to food consumption and nutrition. Average per capita meat consumption in 1970, given that only 16.8% of Mexicans can afford to eat meat daily, and that 20.6% never eat meat, was 30.6 kilos per year. Meat consumption per capita in the United States was 161 kilos per year. Twenty-three percent of

Mexicans never eat eggs, either, while per capita consumption is 5.5 kilos per year. In the United States, per capita consumption is 20.4 kilos per year. The study Niblo cited, published by the Mexican Secretariat of Health and Welfare, showed average rural caloric intake at 1115 daily, with 2500 considered a minimum for health.

In personal interviews of prisoners in the Morelos State Penitentiary (1974), I met people who committed petty offenses so that they could be jailed. In the penitentiary, a basic daily ration of beans, rice, tortillas, coffee, hard rolls, a daily meat broth with individual meat servings, and six eggs per week, is far superior to the daily protein consumption of many campesinos. Also, capitalists taking advantage of captive labor in the prison afford at least some means of earning money. Some individuals thus lived a better life in jail than outside and could minimally support their families by doing macramé sixteen hours a day.

Any traveller in Mexico cannot help but be struck by the extremes of poverty and opulence existing side by side. Dietary differences are among the most striking. I saw whole campesino families, come many kilometers to a market town on foot to sell their few products, sit down on the sidewalk and make a meal of ragged tortillas, salt, and a couple chiles. As Niblo (1975) notes, and as I observed in 1973-74, prices for beans, tortillas, vegetables, cooking oil, sugar, and heating fuel skyrocketed. In 1974, "the government authorized a price increase for beans, from 1750 to 5000 pesos a ton, and in 1975, to 6400 pesos a ton; in slightly more than a year, the government has allowed the price of the single most important source of protein to increase by 265%" (Niblo, 1975:117). It must be remembered that this inflation took place before the devaluation. The government has talked of salary raises for government employees and the privileged unions of around 35%, not nearly enough to cover devaluation, but there is silence when it comes to non-union wages or fixed incomes. Niblo (1975:117-118) shows what this means to the average Mexican by citing a report that the average Mexican consumes only one third of the protein deemed necessary. Dr. A. Chavez, an official of the National Institute of Nutrition, estimated in 1974 that half the population consumes mostly corn with occasional beans, and in 1975 he stated "even beans are out of the daily diet of the campesino" (Excelsior, Feb. 6, 1975). I saw tortilla prices go from one peso to over 3 pesos per kilo within one year. Marvin Alisky (1977:131) quotes from the Mexican National Institute of Nutrition November 6, 1976 report that 85% of the available food is consumed by 18% of the population. Fifty of the sixty-two million Mexicans are technically undernourished, according to that study.

Another indicator of underdevelopment is the literacy rate and the number of people being educated. González Casanova (1968:177) states that in 1960, only 6.6% of the adults had a secondary education or better. The 1970 census claimed that illiteracy was down to 23.8%, but the Archbishop of Hermosillo, Carlos Quintero Arce, estimates that 62% of Mexican adults are functionally illiterate (Niblo, 1975:115). González Casanova (1970) again points out the rural/urban dichotomy, saying that educational level corresponds to income level in the country more clearly than in the cities; thus the illiteracy rate is much higher in rural areas. Many rural schools offer only two years of primary education.

The traveller, again, quickly notes the vast range of housing quality while merely driving through a town or the countryside. Official 1970 census figures, an update from those used by González Casanova (1970), show that 40% of the dwellings in Mexico are single-room. Thirty-six percent lack running water, 58% lack sewage, and 41% lack electricity (Niblo, 1975:115). Again, the worst situation is in the rural areas. Wayne Cornelius (1975) shows that migration to the cities, while often meaning little in terms of income rise and class mobility, frequently means an improvement in housing, water, supply, electricity, and sewage service. The main reason is that the government has made a point of providing services to a sector considered volatile: the urban poor.

The unemployment rate, an indicator of the perverse nature of dependent economic growth, is *probably* running at around 30% currently in Mexico. There are various estimates of unemployment and under-employment. Salvatore Bizzarro (1977:130) talks of "estimates as high as 40%", but cites figures from the Employers Center of Mexico City that the unemployment rate in the capital reached 17% in 1975, compared with 15.3% in 1970 and 11.1% in 1960 (Bizzarro, 1977:105). According to Marvin Alisky (1977:110), Lopez Portillo himself spoke of a 26% unemployment rate for 1976. The Mexico City periodical *Proceso* gave figures on November 20, 1976 of 17% for unemployment and 39% for under-employment. One indication came from Heberto Castillo, a leftist journalist, who wrote in the April 29, 1976 issue of *Excelsior* that there are seven million landless *campesimos* either looking for work or only seasonally employed three to four months each year. Castillo calculated a total of twenty-one million people, counting dependents, suffer from unemployment and under-employment in the rural areas. Cockcroft (1974:292) estimates that two-thirds of the unemployed are in the rural areas. These calculations do not take into account what unemployment rates would be if all the "illegal" Mexican workers in the United States were to return home suddenly.

The 1970 census shows that the economically active population is 26.9% of the total (Niblo, 1975:115). At today's 63 million population figure, this leaves roughly 17 million people working. If Castillo's figures are lowered to 5 million rural unemployed, already that is approximately 28-30% unemployment, not counting the urban areas. In addition, "women who receive wages for work are only 4.7% of the total agricultural labor force under wages" (Junco Meyer, 1977:130), so the figure for both economically active population and unemployment should be adjusted. Women working on private plots or beside their wage-earning husbands to supplement his piece-rates in the fields are not counted.

There are other figures which describe the unemployment problem much better than gross calculations. The whole thrust of Mexican economic development policy, especially since 1940, has been industrialization, and with impressive statistical results. Industrial output increased at more than 7% annually from 1950 to 1970, but jobs generated rose by only 2.4%. Population increase is variously estimated at from 3.5 to 3.8%, thus jobs in industry cannot even keep abreast of the natural increase, let alone include the adult marginals, increasing in both absolute and relative numbers (Niblo, 1975:113). It has been estimated that only one of eight new workers added by population growth would land an industry-related job (Niblo, 1975:113). Porfirio Muñoz Ledo, Secretary of Labor under Echeverría, calculated that the job creation rate in the 1950s was 2.9% and had dropped in the 1960s to 2.1%

(Excelsior, Feb. 8, 1974). The Banco de Commercio estimated Mexico's job creation needs at 685,000 per year, but only 125,000 are being created in all sectors (El Universal, Nov. 15, 1974). The government of the state of Mexico guessed that 70% of the 20,000 heads of families arriving annually to look for work in the industrial areas of the state are unsuccessful (El Dia, Dec. 19, 1974). Under present conditions, growing population, which would reach 100 million by 1990 at current rates (Niblo, 1975:115), threatens to inundate the country and also to drive wages further down. Already 15% of the yearly foreign debt goes to buy corn (Excelsior, June 16, 1976). The cause for this, however, is not that Mexico cannot produce more corn, but that resources and capital are used to produce agricultural commodities for export and consumer goods for the well-off.

The Domestic Structures of Underdevelopment

The two groups that accumulated capital resulting from economic production and growth in 1940-1975 are the transnational, and especially the U.S., bourgeoisie, and the Mexican bourgeoisie. This is not to deny that other sectors of society in Mexico benefit from the growth that occurred in this period. It is rather to assert that the campesinado benefited little from growth, while the bulk of the non-unionized urban wage-earners and those outside the formal sectors have not kept pace with the privileged sectors. This is the general pattern of dependent capitalist growth.

There are two points to make about the economic growth of Mexico since Cárdenas. First, it has been "perverse growth", as Arrighi and Saul (1968) would term it. From 1910-1968, imports grew twenty times, most of this increase coming after the 20s and 30s, while exports only multiplied nine times (Carmona, 1971:205). GNP grew at a faster rate during the 1930s than during the 1950s. From 1930 to 1940, it grew at 8.2% annually, while it increased at a rate of only 2.9% from 1950 to 1960 (Carmona, 1971:158). These statistics indicate at least "uneven development", if not a qualification of the legend of the "Mexican miracle". Another indicator that economic growth has been uneven is the ratio of capital goods imports to industrial production. While capital goods imports grew 12.5 times from 1940 to 1963, industrial production increased only five times. Domestic production of capital goods, the key to autocentric development, was only 2% of total industrial production, a lower proportion of the total than in 1940 (Aguilar Monteverde and Carmona, 1967:115).

Secondly, the distribution of income, as has been seen, has remained nearly as regressive in the 1940-1975 period as in earlier periods of growth. In the period 1895-1910, material gains from that period of growth went to the top 20% and especially to the top 5% almost exclusively (Felix, 1977:112). The accumulation of capital is not so exclusive in the 1945-1975 period, when the income gains went to the top 60% of the population. Nonetheless, the most dramatic rises in income were experienced by the top 5% (Felix, 1977:112). It is incontrovertible that such indicators of development as average caloric intake, literacy, and life expectancy rose during the 1940-1975 period, while all such indicators fell during the Porfiriato. Thus such a comparison of the two epochs along such dimensions is unfair. However, Felix's figures on income distribution do tell the tale of regressive tendencies.

To divide society into income deciles is not to locate class divisions in terms of their relationships to the means of production and to capital. It merely gives the barest indication. Felix (1977:112) has observed that there have been two periods of economic growth in Mexico, both ending in financial crisis. Within Mexico, as seen in the figures reproduced above, the upper income groups have been the ones to benefit in such growth periods. In that the growth periods were characterized by industrial development, one can conclude that the bourgeoisie was the group that gained the most. In the Porfiriato, the local industrial groups arose to fill the internal demand gap unfilled by imperialism. In their way, they were precursors of import substitution some decades later. When the world depression came, these groups were in a position to manage and benefit from import substitution, supported by the Mexican state. Traditionally, export-oriented capital also shifted to the industrial sector and the developments of the 30s prepared the growth period of 1940-1975. Thus, contrary to the experience of capital in the metropoles, the Mexican bourgeoisie was formed, in its most recent incarnation, where important primary export groups and imperialist-controlled economic sectors existed, and where most manufactured goods were imported. Then, just as the Mexican bourgeoisie began to flex its economic muscles, foreign investment moved into the very sectors where the Mexican bourgeoisie was most active -- manufacturing and commerce. This competition, and unfair at that, since foreign capital was bigger and better organized, was the context that made for a dependent Mexican bourgeoisie.

In Mexico, then, the bourgeoisie was unable to take command of the economy in such way as to develop autocentric industrial growth.

As Ramirez (1974:23) wrote, at the moment when import substitution met its relative saturation point, the state and the national bourgeoisie was unable to develop capital goods production on a grand scale, because of its dependence on capital goods imports, technology, and foreign loans. What emerges from this situation is a pattern of income distribution skewed against the poorest sectors and an alliance of the national bourgeoisie with foreign capital, an alliance that makes the national bourgeoisie, in Carrión's term, the "dominant and dominated class" (1972:41). The fundamental cause of this class characteristic in the Mexican national bourgeoisie is the "incapacity of the national bourgeoisie to impose its hegemony in Mexican society, accumulate its own capital, become independent of foreign financing, and principally, to overcome the articulations imposed from metropolitan countries, more acute in the imperialist phase of capitalism" (Ramirez, 1974:26). The domestic policy becomes one of the super-exploitation of wage-labor to counteract the high prices for capital goods imports and consumer goods imports. Capital-intensive methods are favored by foreign investors and most sectors of the national bourgeoisie and thus the large labor reserves, already engorged by in-migration to the urban areas and population increase, are maintained. During the Cárdenas era a sector of the national bourgeoisie, that of small and middle-sized industrial enterprises, militated against foreign penetration of the Mexican economy. But after the war, the leader of this group, José Domingo Lavín, ended his resistance to foreign control by allowing U.S. capital majority ownership in his firm, saying, "they leave me to run the business and treat me very well" (in Carrión, 1972:43). This remark illustrates the subordinate nature of the national bourgeoisie in dependent capitalist economies. Carrión's analysis concludes that nationalism in Third World dependency situations comes to alienate the proletariat, divert the latter's internationalism, and disguise dependency. As an example, Carrión cites Luis Echeverría's judgement of the Viet Nam War as the "intervention of great powers" rather than any kind of class struggle (1972:70). Here the national leader twists the nature of the conflict in Southeast Asia so as to continue the official doctrine of class harmony in Mexico and avoid any drawing of internationalist parallels.

The Oligarchy

The dependent national bourgeoisie of Mexico shares some of the universal characteristics of all bourgeoisies in the epoch of imperialism, the tendency to centralize and concentrate capital. Income distribution statistics, as loudly as they may speak, do not reveal the true extent of such tendencies. If one were to conclude, for example, that the top 5% of the population forms the bourgeoisie, the true tendency to oligarchy would remain hidden. By definition, oligarchy cannot be defined in terms of income alone, but rather as a superprivileged group of the ruling class, itself "a minority class that rules on the basis of property-ownership" (Aguilar Monteverde and Carrión, 1972:81). The contemporary Mexican oligarchy, defined both as a superprivileged sector of the bourgeoisie, and as distinct from the international bourgeoisie which dominates the Mexican economy in its international instance as part of the world capitalist system, emerged only after 1940 (Aguilar Monteverde, 1972:110). The great fortunes were built, in Aguilar Monteverde's opinion, by inflation, speculative booms in real estate, the stock market, and irrigated land. At the same time, low taxes, salaries, and wages favored the accumulation of capital in the hands of those already possessing capital. Further, the marginalization of the Mexican campesino has only meant benefits to the oligarchy. Lastly, the ubiquitous mordida of corruption has worked to the advantage of the oligarchy (Aguilar Monteverde and Carmona, 1967:38).

As in the metropolis, the actual number of the most powerful capitalists is quite small. Aguilar Monteverde calculates that around 100,000 firms were operating in Mexico in 1972 (Aguilar Monteverde and Carrion, 1972:127). However, only 800 or so of these firms actually exercise real economic control, because of their size. Similarly, Aguilar Monteverde estimates a total of some 600,000 private Mexican capitalists (Aguilar Monteverde and Carrion:112). Of these perhaps 2000 properly belong to the oligarchy (Aguilar Monteverde and Carmona, 1967:35). Most are in family groups and Aguilar Monteverde notes a select list of approximately 100 magnates, "whose right to participate in the 'Who's Who' of Mexican capitalists would be indisputable" (Aguilar Monteverde and Carmona, 1967:35).

By sector, large Mexican capitals are distributed as follows: in agriculture and livestock, between 80 and 120 Mexican groups have dominance. If one calculates that no more than 500-600 families have the largest share of irrigated lands, water, credit, and equipment, and that 100 to 150 large cattlemen own all the best ranches (Aguilar Monteverde and Carmona, 1967:31), then the conclusion is that 1% of the firms control 50-65% of the capital in agriculture and livestock (Aguilar Monteverde and Carmona, 1967:35). In industry, some 400-450 Mexican capitals, or 1.5% of Mexican firms, control 80% of the sector not owned by foreign interests (Aguilar Monteverde and Carmona, 1967: 35). In commerce, some 110-150 Mexican firms, or 1.8% of the total, control 60% of Mexican capital (Aguilar Monteverde and Carmona, 1967: 35). And in services, some 230-280 Mexican firms, or less than 1% of the total, control 82% of Mexican capital (Aguilar Monteverde and Carmona, 1967:35). This pattern is even more exaggerated when the largest firms are isolated from the rest. Aguilar Monteverde finds a total of only 113 firms exercise effective control of Mexican capital in all four sectors (Aguilar Monteverde and Carrión, 1972:125). These firms are dominated by twenty extended families whose investments are found in every sector. Thus the Serrano, Ballesteros, Garza Sada, and Trouyet-Senderas families, for example, are all involved in industry, commerce, real estate, and services (Aguilar Monteverde and Carrión, 1972:136). The Garza Sada group, based in Monterrey, is a good example of the merging of various kinds of capital in one set of hands. They are one of four large private Mexican capitals in iron and steel, one of seven in metal products, one of four in paper products, one of three in breweries, and are virtually alone in glass (Aguilar Monteverde and Carrión, 1972:131-132). The same can be said of all the other large capital groups. Further, all five large Mexican banking groups are interlocked with the large families (Aguilar Monteverde and Carrión, 1972:138).

This extensive concentration and centralization of private Mexican capital, especially since 1940, has three further sides, First, it is paralleled by foreign direct investment from a limited number of multinational corporations. Second, and illustrating a principle developed by Paul Baran in the Political Economy of Growth (1957) the formation of the Mexican oligarchy has been accompanied by excess consumption and waste. Consumption, for example, has been estimated at twice the net investment in 1963 (Aguilar Monteverde and Carmona, 1967: 66). As for waste, "in many ways, in reality, it could be shown that the potential savings wasted in Mexico is enormous, and if even a part of the great sums destined for hoarding, real estate speculation, foreign bans, luxury items, numerous unproductive and unnecessary services, and destined to pay the tribute of economic and technological dependence via foreign trade and the unfavorable international movement of capital, if even a part were dedicated to development ends, the reach and perspective of capital accumulation would be different" (Aguilar Monteverde and Carmona, 1967:67). Thirdly, such accumulation has been based on the super-exploitation of labour and the marginalization of large numbers of Mexicans. This has been reflected in the figures on income distribution reviewed earlier. It is also reflected in wages, productivity, employment, and the organic composition of capital. For example, average labour productivity on farms over 12.5 acres, i.e. not the small individual holding, rose 105% between 1940 and 1975, but this growth absorbed only 7% of the decadal increase in the labour force. On the other hand, farms under 12.5 acres experienced a productivity fall of 12%, yet these farms had to absorb 47% of the labor force increase. Ejidos, whose productivity rose only 12%, had to absorb the other 46% of the rural labor force's increase (Felix, 1977: 114). The labor force as a whole increased from 6 to 14 million in the years 1940 to 1967, but unemployment and underemployment accounted for 6.3 million of these workers in the 1960s. As for wages, in the years 1959 to 1965, 31% of the labor force received no wage increases, while 50% got a 200 peso per month increase, barely enough to keep up with inflation. Thus, according to official government statistics, 81% of the labor force either gained nothing or lost (cited in Aguilar Monteverde and Carmona, 1967:73). The income distribution data can be seen from another perspective, that of benefits to the oligarchy. In 1960, for example, 5.9 billion pesos went to campesinos and salaried agricultural workers, but 8.17 billion pesos went to the small number of agricultural capitalists. In the Mexican industrial sectors, the rate of surplus value, a measure of the exploitation of labor, mirrors the situation in agriculture. A rate of 50% is considered very high in the developed countries, but in Mexico the average was, in 1964, 120%, reaching in many cases 200% or 300% (Aguilar Monteverde and Carmona, 1967:77). The value of production per worker in Mexico's industry is of course far below the United States level. In fact, the Mexican worker produces on the average only one fourth the U.S. per capita output. But the rate of exploitation, i.e. unpaid versus paid labor, is 171.2% greater. In the U.S. the rate is 217.98%, while in Mexico, it is 373.20% (Carmona, 1971:145).

The political result of such accumulation is two-fold. The Mexican bourgeoisie, dominated by the new oligarchy, has, via its merging, experienced a greater unity than in the 20s or during the Porfiriato. But this class unity has not been anti-imperialist. Rather it has become more and more integrated into the international bourgeoisie, as far as the oligarchy is concerned, and more dependent on imperialism, as far as the bourgeoisie in general is concerned.

The Role of the State

Characteristic of dependent capitalist development to an increasing extent is the intervention of the state in the economy. Mexico's experience is illustrative. In the years 1942-1956 direct private investment was higher than public investment, but from 1957 to 1970 indirect and public investment (via loans and foreign aid) outstripped direct private investment. For Ramirez (1974:197), this pattern "shows that the state, in recent years, is the agent most interested in strengthening the relations of dependence, precisely via the obtention of imperialist capital, which is reaching dangerous levels. This investment is put at the disposal of the same businesses which most benefit from dependence, the mixed enterprises and even the full multinational corporations."

State capitalism in Mexico, or state-directed public investment, is not restricted to the post-war era. It got underway largely during the Cárdenas presidency, when the government made massive investments in irrigation works, dams, roads, and other infrastructure that fostered agricultural development. Such development, in the opinion of Carmona (1971:269), has been the backbone of industrialization. Investment in agriculture was not the only activity of state capitalism, nor was the accumulation of capital in that sector the only purpose: "For Cardenismo the public sector was an instrument to confront imperialism and the internal conservative forces" (Carmona, 1971:269). Under Cárdenas, the growth of state enterprises expressed the defeat or withdrawal of the old status quo, while under the following regimes it corresponds to the strengthening of the wider and rising forces of conservatism of the new status quo.

The Mexican state presently controls half the capital of the top 500 corporations (Ceceña, 1970:150), but this fact does not fully reveal the situation. First, public investment is increasingly financed by international loans. Between 1963 and 1968 35% of the state investment was foreign-financed (Ceceña, 1970:152). Labastida's estimate (1972:132) is 50%. Second, state investment is limited, erratic, and not as profitable as private investment. Public investment has rarely reached outside the top 500 companies. State ownership has established monopolies in the less profitable areas, with the exception of petroleum products: "The return for private capital in Mexico is three times that of public investment, not because the latter is inefficient, but because the state invests largely to benefit and stimulate private enterprise" (Aguilar Monteverde and Carmona, 1967:57). For example, "many of the most important agricultural products in irrigated lands where property is most concentrated are for export and some foreign consortia like Anderson-Clayton, Hohenberg, or McFaden intervene there in a big way by controlling the balance of cotton sales abroad" (Carmona, 1971:216). The erratic flow of government investment is shown by the figures on government credit to agriculture. For the Cárdenas years, aggregate credit to agriculture was 4% of the federal budget, but it fell to less than 1% in the 1950s. The proportion of ejidatarios actually receiving credit from the government fell from 30% in 1936 to 14% in 1960 (Hansen, 1971:82).

Given the extensive and yet limited involvement of public investment in the Mexican economy, the links between the state, the new managerial bureaucracy, and the oligarchy are not surprising. In Mexico there exists a near class unity of bourgeois class interests via the state. As Carmona (1971:279) puts it: "The purchases and sales made by government agencies and organizations, the natural wealth of the nation, the irrigated areas and the most fertile or best-located lands in the country, state credit, the contracts for public works and the areas benefited by those works, the permits and concessions, the taxes, the fiscal exemptions and subsidies, the tariffs and prohibitions, the public debt and the international loans, all served to enrich functionaries and private businessmen. All these things serve also to help form an administrative, political, and technocratic caste increasingly linked with other national and often foreign capitalist sectors."

Aguilar (Aguilar Monteverde and Carrión, 1972:182) echoes the Miliband analysis (1969) of state capitalism and class identity in claiming that 6000 to 10,000 of the top public positions are occupied by members of the bourgeoisie. Undoubtedly, by the measure of income, such functionaries would belong to the bourgeoisie. The issue of corruption is something more difficult to pinpoint. What is certain is that "what state enterprise means for Mexico and foreign private business in lowered capital risks, assured provisions of parts, materials or effective demand, savings on initial capital, tariff protection, exemptions and subsidies, and in general, in 'public relations' with the workers, the government, and 'national opinion' is really so important that it is dubious whether the capitalist magnates would return to the old saw of José Vasconcelos in his last years: 'The state, as an entrepreneur, is bad'" (Carmona, 1971:291).

Official Doctrine.

González Casanova (1968:189), assessing the contradictory fruits of developmentalism in Mexico, asks why there is a low level of class consciousness on the part of the poor and marginalized groups of Mexican society. The reasons he rhetorically cites are (1) the single-party structure and non-class organizations run by the state, (2) the dependence of unions on the state executive, and (3) the fact that strike activity usually depends on the president's propensities (1968:190). But González Casanova also asserts that "Marxism and its rhetoric are part of the Mexican bourgeois political culture" used by government organizations, unions, and the party in their propaganda destined for the proletarian (1968:196). The government exercises an effective monopoly on ideology, and the ideology reflects the historical situation. In Mexico the Revolution was nationalist as well as capitalist, and the governing party, the Partido Revolucionario Institucional (PRI) pays attention to the original anti-imperialist sentiments of Revolutionary Mexico. Such sentiments have had a certain staying power. On the other hand, liberalism, perhaps the more natural ideological home of national capitalism, had been the official ideology of the Porfiriato, and thus could not be used by the new constellation of political allies. This ideological monopoly is combined with state control of popular organizations in a sort of neo-corporatist system. What emerges, for González Casanova, is a capitalism akin to that of the original European nineteenth century capitalism, but one which has the effective knowledge, in the political sphere, of contemporary metropolitan capitalism. The latter has discovered some structural solutions to the contradictions outlined by Marx for industrial capitalism (González Casanova, 1968:199). This knowledge of the contradictions is reflected in official policy. The official doctrine is that the state is a mediator, and includes all sectors, workers, owners, bureaucrats, and campesinos. This mediating role, however, denies class contradictions. As Reyes Heroles, the secretary of the PRI at the time, said in El Dia, of October 22, 1972, "we have in the party, a struggle of opinions, ideas, and interests, but never that of classes." On the one hand, the official doctrine jealously guards its monopoly on revolutionary rhetoric as its political inheritance and legitimizer from the Revolution. On the other, the nationalist element provides the justification for a rejection of "foreign, non-Mexican" ideas of class conflict. As Hansen (1971:223) writes, "the rhetoric of the revolution raised hopes that another path to development might be found." Land reform and gestures to the ejido capped the agrarian unrest. While the favoring of labor aristocracies, nationalizations, and public investment effectively stymied any revolutionary proletarian movement. Now, any attempt to insert Marxist concepts into national politics, at least from outside of the PRI, is anathema. Luis Echeverría said in Excelsior, on May 26, 1970, that "whoever desires to alter this essential economic structure of our country would directly affect all the freedoms that we Mexicans now enjoy ... the regime that guarantees our constitution is propitious for national economic development with justice, because at the same time that it recognizes private property it gives guarantees to the businessmen and to the workers." Playing devil's advocate, Aguilar Monteverde (1975:65) shows how integrated the institutions of government, political parties, the organizations of workers, and those of employers are. He asks the reader to identify the source of the following: "(1) We need to resolve the differences that can arise among us peacefully, on the basis of national unity, (2) Overseas they admire

Mexico's equilibrium in a mixed economy, (3) Let us remain united so that this marvelous and delicate balance does not break. On that hangs the quickest possibility of the lowest sectors getting social and econ economic justice." Might the quote be, asks Aguilar, from the PRI, the PAN, the CTM, or from CONCANACO?[5] The official doctrine, i.e. the hegemony of the bourgeoisie over ideology, exhibits its anti-socialist element in a quote from Luis Echeverría from El Dia of November 21, 1972: "I consider that socialism, wherever it has been applied, has generated dictatorship. Therefore I believe in liberty. Thus, I am anti-socialist." The Mexican state, as the Bonapartist regime in France in the mid-nineteenth century also tried to do, attempts to be all things for all men, ultimately ruling in the service of the international and Mexican bourgeoisie.

The developmental strategy of the Mexican bourgeoisie, and its latest variation in the developmental reformist volume El Perfil de Mexico en 1980 (1972), has inarguably produced great changes in the economy and in society. But even a scholar such as Roger Hanses, who sees "free enterprise" economies as "engines of growth", and believes that "there is no clear evidence that economic development can be achieved in any society without substantial sacrifices on the part of lower income groups" (1971:223), feels that "in the long run ... [Mexico's] development strategy may well benefit all segments of Mexican society in an equitable manner, but in the long run, as Keynes said, we are all dead" (1971:107). Such a pessimistic view is shared by those of another perspective. Carmona (1967:126) for example, sees post-1940 Mexico as Marx saw post-1848 France. In both places and times, the bourgeoisie consolidated its power. Because the Mexican bourgeoisie had been brought to power by mass movements of the proletariat and peasantry, it kept the slogans of "social justice, economic independence, agrarian reform, the right to strike, and education for the people", but dropped "the struggle against imperialism, socialist education, workers' administration, the collective ejido, and the revolutionary strike." Instead, the new slogans are "national unity, worker/business harmony, continental unity, creative work, and only one path: Mèxico" (Carmona, 1967:127-128).

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[5] The government party, The National Action Party, The National Trade-Union Confederation, and The National Association of Chambers of Commerce.

The Other Partner in Dependent Development

The James O'Connor article (1971) discussed in Chapter I argues that imperialism is essentially economic. In the conceptualization presented there, imperialism is the construction and maintenance of a system for the extraction of surplus value. Contemporary imperialism does not preclude economic growth. On the contrary, the imperialist system both fosters and thrives on economic growth in the economies from which it extracts surplus value. Dependency, in this schema, becomes an aspect of such growth. From Cardoso to Amin, most dependency theorists admit of growth, but retain the notions of both dependency and uneven growth.

The concept of dependency is employed to describe the conditional nature of growth in peripheral economies. For all the writers discussed in Chapter II, dependency implies both domination and control. A dependent economy is one in which the primary loci of decisions about the uses to which the economic surplus is put are exterior to the given economy. Thus growth is guided, or conditioned, from outside the dependent economy. This notion of conditional growth does not carry with it the conviction that dependent growth cannot benefit the dependent economy. The core of the notion of conditional growth is the observation that dependent growth primarily benefits the dominant member of a dependency relationship.

The conception of dependency as rudimentarily described above focuses on control via decision-making on the destination of the economic surplus. Thus it must be concerned with the issues of ownership. Given that economic growth is occurring in most of the countries labeled as dependent by the writers on dependency, the most obvious place to find an indicator of dependency is in the most profitable and high-growth sectors of the economy. For Mexico this can be no less true, and this section will include an examination of the evidence on specifically U.S. corporate ownership in the most important sectors of the Mexican economy.

At the same time, data on foreign ownership must be complemented by information on concentration and centralization of capital and production, since these trends of capitalist economies occur as well in dependent economies. In this light it may be hypothesized, loosely, that Mexico is one of the primary examples of a dependency situation if the leading sectors of the economy are dominated by a small number of multinational corporations. The role of the dependent national bourgeoisie, i.e. its alliance with dominant foreign capital and its use of the state to further capital accumulation in the interests of foreign capital and itself has been referred to in previous sections of this chapter. One indicator of this role to be discussed in this section is the extent to which the Mexican national bourgeoisie shares in the concentration and centralization of capital. Another is the extent to which the national bourgeoisie involves itself in the so-called "mixed enterprises".

Penetration of Foreign Investment

Mexico, like Latin American countries in general, received large amounts of foreign investment in the post-war period as imperialism, with the rationalizing new power of state monopoly capitalism, reconstituted itself. As suggested before, foreign investment, and specifically U.S. investment, had declined from $683 million in 1929 to $358 million in 1940 (Cinta, 1972:170). This decline reflects the protectionist and nationalist policies of the Cárdena presidency. After the war, however, the national bourgeoisie, having affirmed national sovereignty by nationalizations in mining, oil, and other traditional sectors, felt that the development that infrastructural investments had made possible needed injections of new capital which they themselves did not possess. With the biggest increases coming in the mid-1950s and the later 60s, foreign direct investments amounted to 1.258 billion dollars in 1958 and $2.7 billion in 1969 (Ceceña, 1970:129). The U.S. investors, already the chief suppliers of foreign direct investment in 1940, improved their position throughout this increase in investment. They supplied 63.7% of the foreign direct investment in 1940, but 71.7% in 1955 (Ceceña, 1970:132). This reflected the readjustment of the capitalist world, and the inter-imperialist rivalries within it, as a result of World War II. British and French capital were the proportional losers in Mexico. By 1965, when total foreign direct investment amounted to $1.745 billion, U.S. firms held $1.456 billion of this figure, or 83.43% (Cinta, 1972:177). These figures reflect not only the victory of U.S. over other imperialist capitals in the post-war period, but also the importance of Mexico for U.S. capital abroad: "Mexico is the third most important host, after the U.K. and Canada, for the 187 U.S. corporations which account for the bulk of U.S. foreign direct investment in manufacturing; 162 of these companies and 412 of their subsidiaries operated in Mexico in 1967" (Barkin, 1975:72).

The major change in imperialism has been of increased investment in manufacturing, as far as dependent economies are concerned. It is no less true for Mexico. Both because of nationalizations and because of declining profit rates, the traditional investment targets in the Mexican economy, those of mining, electrical energy, communications and transport, agriculture, and petroleum, have been replaced. In 1939, for example, electricity, gas and water services, transport and communications, and mining absorbed 89% of the total direct foreign investment, whereas in 1969 they accounted for only 20%, most of that in mining (Ceceña, 1970:137). Manufacturing and commerce, on the other hand, accounted for only 6% and 3% respectively, of the foreign investment in 1939, while in 1960 the figures were 56% and 18% (Ceceña, 1970:137). By 1968, the share of manufacturing rose further to 74.2% (Cinta, 1972:177).

A concomitant change for imperialism has been the source of capital for foreign direct investments. Increasingly, direct investment funds are raised in Mexico. In the 1960s, for example, when foreign direct investment amounted to $1.6 billion for the decade, nearly one half that figure was the reinvestment of earnings collected on previous investments in Mexico (Barkin, 1975:74). Raising capital through Mexican banks, which are often happier dealing with multinationals than with less competitive domestic enterprises, complicates the picture.

The third change in imperialism's tactics to be noted at this point is the increasing role of indirect foreign investment. Of the 1969 $3.5 billion public foreign debt, 54% was owed to U.S. government agencies (Barkin, 1975:145). The broad category of "foreign credits" contributed 16.9% of the total national investment of Mexico in the years 1955 to 1965, while direct foreign investment accounted for 7.7% (Ceceña, 1970:145). The figure for foreign credits is the one which has expanded more rapidly. The bulk of this investment goes to infrastructure. Thus in 1963-1968 fully 35% of Mexican investment in the public sector was foreign-financed (Ceceña, 1970:153). Durand Ponte (1972:230) quotes figures for 1965-1970 from the Secretariat of the Presidency which range from 23% in 1965 to 27% in 1967-68 and 25% in 1970. In Ceceña's opinion, such foreign credits are made to maintain the current socio-economic structures, by keeping Mexican public investments out of the more profitable sectors, such as manufacturing. Infrastructure investments, in his view, amount to public subsidies of private enterprise (Ceceña, 1970:233).

Sectoral Distribution of Foreign Investments

Most analysts of foreign ownership patterns in Mexican productive enterprise use the data on capital holdings to establish which are the largest firms. Information on sales and income is less available. The main drawback in using capital holdings is that they may not show how dynamic a given firm is (Ceceña, 1970:146). There are two outstanding analyses of such data that I will review here, one by Ceceña (1970), and the other by Cinta (1972). They use essentially the same source material used by other writers such as Wionczek (1974), Solís (1973), Ramirez (1974), and Barkin (1975). Such data are collected from corporate statements, the United Nations Economic Commission on Latin America, the Banco de Mexico, Nacional Financiera, and the official government census reports.

The Cinta analysis (1972) is based on the 1965 official industrial census, which isolates 938 industrial firms as the largest in Mexico. To be included a firm had to have an annual production worth at least 20 million pesos. These firms together constitute less than 1% of the total number of industrial firms, but they account for nearly 65% of the industrial production and 66% of the total industrial capital (Cinta, 1972:183). Within the 938, there is stratification based on size and total production. Thus the top 110 firms account for nearly 50% of the production of the 938, or 30% of Mexico's entire industrial output (Cinta: 185). It is when these strata of the 938 are checked for foreign ownership that the picture of domination emerges most clearly. Taken overall, 26.7% of the 938 firms were foreign-owned, 5.3% were state-owned, and 68% were owned by private Mexican capital (Cinta: 186). However, of the largest 10 firms, half were foreign-owned, of the top 20, 55% were foreign-owned, of the top 50, 48% were foreign-owned, and of the top 110, 47% were foreign-owned (Cinta: 186). Immediately noticeable is the fact that foreign ownership is concentrated in the largest firms, those with a high organic composition of capital.

Cinta further breaks down the 938 by the general sectors of capital goods producers, intermediate basic goods, intermediate non-basic goods, and consumer goods. In the sector of capital goods production, which includes the manufacture and repair of heavy machinery, electronic equipment, and transportation equipment, 116 of the 938 firms are involved. Of these, 61, or 53% were foreign-owned in 1965, and the foreign firms are invariably the largest (Cinta: 187-89). In the intermediate basic sector, which produces rubber, petro-chemicals and metal goods, foreign preponderance is still pronounced. Of 311 firms producing in this sector, 130, or 41.8% were foreign-owned (Cinta: 187). When the strata of firms are distinguished, 34 of the largest 100 are foreign-owned, while only 23 are owned by Mexican national capital (Cintas: 190). In the non-basic intermediate sector, which produces textiles, wood products, paper, leather goods, etc., a total of 174 firms were operating in 1965. Of these, only 16, or 9.2% were foreign-owned. But, of the small number of very large firms, 7 of the foreign firms belonged to that stratum, while only 14 of the private national firms were of comparable size (Cinta: 190). Finally, in the consumer goods sector, which produces food and drink items, tobacco, shoes, furniture, and miscellaneous consumer items, a total of 337 firms were operating in 1965. Of these, only 44, or 13%, were foreign-owned. But again, proportionately, the foreign firms were larger (Cinta: 191). For Cinta, these figures show that, contrary to the developmentalist belief that foreign capital would complement domestic capital, in the post-war period, the former competes with the latter. What results is a situation tending to monopoly for the foreign multinationals and subordination for Mexican domestic capital (Cinta, 192).

The analysis by Ceceña (1970) is more detailed than that of Cinta. The former selects a sort of Mexican "500" and has sixteen distinct sectors which he analyzes. He includes information on the degree of foreign control in cases where control is not total. Like Cinta, Ceceña begins with aggregate investment figures and proceeds to the details of concentration and centralization. And, like those of Cinta, Ceceña's figures show that foreign control, on the surface, is ample, but not preponderant. For example, of the 500, 174 companies are under either complete or practical foreign control via ownership, their capital amounting to 22% of the total capital for the 500. The Mexican government controls nearly half the total capital and the Mexican private sector nominally controls around 28% of the capital for the 500 (Ceceña, 1970:149-151). However, as has been seen, such heavy state ownership is deceptive. First, because it does not reveal the extent to which foreign credits go into public investment, and secondly, because it does not show that an important number of state enterprises are not profitable, or are less profitable than sectors where private investment dominates. The Mexican private sector's role in the top 500 is also overestimated, in that the information about foreign investment in Mexican industries and the phenomenon of Prestanombres -- official Mexican owners in the financial pockets of foreign capital -- is difficult to obtain (Ceceña, 1970:154).

It is in looking at the separate sectors that imperialist control of the Mexican economy and the consequent patterns of dependency show most clearly. Ceceña's research lists the predominant firms in each sector by total capital amount, by degree of foreign participation in each firm, and by naming the imperialist country which provides the majority of foreign ownership. The details of this interesting information are not necessary for the purposes of this chapter, but it will be instructive to look at the aggregate data.

In nine of the sixteen sectors, foreign capital participates with more than half the capital in the dominant firms. For example, in the tobacco and chemical-pharmaceutical industries, more than 90% of the large capital involved is foreign-owned (Ceceña, 1970:195). Of the 15 large firms in the latter industry, 14 are fully-owned foreign subsidiaries, 10 of which are U.S. multinational corporate subsidiaries (Ceceña, 1970:173). The capital of the 6 U.S.-owned firms producing tobacco goods amounts to 94% of the large capital involved (Ceceña, 1970:177).

In the sectors of tires and rubber products, computers and office equioment, domestic items, and copper/aluminum, foreign capital participation runs from 82% to 85% (Ceceña, 1970:195). Here again, U.S. capital is predominant among foreign capitals, as in fact it is in fourteen of fifteen activities. Only in cement and other construction materials does British capital recall the glories of the Empire. All five large producers of tires in Mexico are wholly-owned by U.S. subsidiaries (Ceceña, 1970:170). Of the six large producers of office machinery and computers, four are U.S.-controlled. Mexican private capital only controls 12% of the total capital of the six companies (Ceceña, 1970:169). Of the five largest producers of domestic items, two are wholly-owned U.S. subsidiaries, and another is 49% controlled by a U.S. firm. Unilever is the fourth, and the Mexican firm again controls only 13% of the capital of the top five companies (Ceceña, 1970:179). Of the nine largest firms in copper and aluminum products, Anaconda controls three, Alcoa controls two, and three others are controlled by other U.S. multinational corporations (Ceceña, 1970:257).

In three other sectors, machinery and equipment, large commerce, and mining and metallurgy, foreign capital participates from 53% to 63%. Of eighteen large manufacturers in the first sector, seven are controlled by U.S. multinational corporations, one is owned outright by a U.S. multinational corporation, and three more have strong U.S. capital participation (Ceceña, 1970:164). In large commerce, there are eighteen large firms. Of these, ten are under foreign control, accounting for 53.4% of the capital. If CONASUPO, the Mexican government's chain of retail stores which operates at a loss, were not counted, the percentage would rise to 83% (Ceceña, 1970:189). In this sector, except for CONASUPO, the largest firms are U.S. subsidiaries, while Franco-Mexicans and Mexicans control the bulk of the remainder (Ceceña, 1970: 188). In mining and metallurgy, of eleven large firms, eight have foreign capital participation. Three of these are U.S. subsidiaries, and another five are "mixed enterprises" with strong U.S. capital investments (Ceceña, 1970:184). The percentage of foreign capital in this sector is 53.6% casting doubt on claims that foreign capital was largely removed from this sector (Ceceña, 1970:184). And the efficacy of the mixed enterprises and Mexican legislation requiring majority ownership be Mexican is cast in doubt by the frank statement of José Juan de Olloqui, the ambassador to the United States in the Echeverría administration: "The new policy on foreign investments ... does not mean that the Mexican government insists that Mexicans be owners or majority shareholders in all Mexican-United States businesses ... there is no reason for panic among investors.... The Commission has a lot of flexibility to make exceptions to the 49% rule, to the degree that it could give permission in some cases for up to 99% instead of 49% ... a factory will be welcome if it is established in a depressed zone. New businesses there will merit other treatment" (cited in Ramirez, 1974: 196).

In the automobile industry, of twenty-three large firms, ten are controlled by foreign multinational corporations. Seven of these are U.S. subsidiaries. In four other large firms there is strong foreign participation, all of it from the United States. In all, foreign capital amounts to 57% of the total capital assets of the twenty-three large firms (Receña, 1970:160-161).

In five sectors, foreign capital participation runs from 36% to 48%. In the industrial chemicals sector, there are forty-two large firms. Foreign capital controls thirteen of these firms, and is strongly present in another nineteen. By far the largest proportion of foreign capital comes from the United States multinationals (Ceceña, 1970:170-173). As seen, in cement and construction materials, British capital is the predominant foreign investment source. In electrical equipment, of nineteen large firms, twelve have foreign capital, ranging from complete ownership in four of them, to strong participation in the other eight. U.S. capital is the predominant foreign investor (Ceceña, 1970:165-166). In hotels and restaurants, although foreign capital owns only 36.4% of the capital total, the major share again belonging to U.S. investors, many of the Mexican-owned hotels are linked to U.S. capital via managerial staff or agreements with airline corporations (Ceceña, 1970:189-192).

Finally, in a very dynamic sector, that of food products, foreign control, estimated at 48% by Ceceña (1970:175), is growing. In Excelsior of May 7, 1976, the Mexican Association of Agronomy Engineers and Chemical

Professionals claimed that foreign multinational corporations control 100% of the milk industry, 95% of the cereals, 85% of the canned goods, 75% of the chocolate, and 100% of the baby food industries. On October 7, 1976, Excelsior carried an article in which Ingeniero Octavio Paredes López, an investigator for the National Department of Food Research, asserted that thirty-two muntinationals, all subsidiaries of the U.S. companies with the largest U.S. food sales, controlled 60% of Mexico's food. The effects of this control are three-fold. First, Mexican firms are brought out and cannot compete with such large capital. Second, processed food plants are highly capital-intensive and contribute nothing to resolving unemployment. Indeed, they increase Mexico's technological dependence and raise prices via monopoly control. Thus, such enterprises produce for the upper income groups and foster unhealthy eating habits. As Dr. Rafael Ramos Galván said in Excelsior, July 23, 1976: "Multinational corporations which control nearly all the food industry, are imposing new food forms -- hot dogs, hamburgers, corn chips, processed pastries, soft drinks, precooked baby foods. The meat used in baby foods comes out at three hundred fifty pesos a kilo [about $28 a kilo, before the devaluation]. The Spanish conquistadors gave us glass beads for gold and also took our liberty; the companies now exchange human resources for shit food, the same exploitation."

Technological dependence of underdeveloped economies is increasingly a result of the changing world division of labor. The developing capitalist economies, from their first experiments in import substitution, have had to import capital goods. As the manufacturing sectors of such economies become more sophisticated, they remain dependent upon the more advanced economies for technical equipment. Many writers on dependency have underlined the failure of developmentalism to eliminate such dependence. Indeed, many have commented upon increased technological dependence as multinationals penetrate domestic industrial sectors in the dependent countries. Such dependence is a highly profitable mechanism for imperialism. The multinationals of a metropolis exercise a monopsony, making sales of technology often to their own subsidiaries, or by having a producer's monopoly for the technology in question. Thus, in the relations between an imperialist metropolis and a dependent economy, dependence increases with the volume of technology coming exclusively from the single metropolis.

The case of Mexico illustrates this last point. The League of Economists declared in Excelsior of August 19, 1976 that 846 multinational affiliates in Mexico purchased 80.3% of the technology imports in 1975, while Mexican firms purchased 19% and the state purchased only .3%. Eighty per cent of the imported technology came from the United States. In 1970 the then Secretary of the Interior, Dr. José Luis Mateos, reported that Mexico spent nearly $300 million annually for its technological dependence. The chemical industry, said the secretary, by itself paid out approximately $20 million in royalties for the use of technology (Carmona, 1971:209). As Carmona (1971:292) shows, technological dependence has extended to state enterprises and those state enterprises with foreign credits funding. The foreign debt finances such enterprises as the Federal Electricity Commission, PEMEX, the government's petroleum corporation, the national railways, highways, steel mills, and fertilizer plants, and such funding is tied to specific technology purchases. Referent to this point, Arturo Bonilla Sánchez, director of the Institute of Economic Research at the National University, was quoted in Excelsior of May 7, 1977 to the effect that 25% of PEMEX, and 50% of the government electrical sector, is controlled by foreign interests, through purchases of technology and royalty payments. Thus it seems that Echeverría's technology policy, on paper intended to promote development via rational importing, achieved little in the way of lessening dependence.[6]

The composition of trade is often an indicator of the extent of dependence. First, if a country exports a limited number of raw and semi-processed goods, and imports a large proportion of consumer items, capital goods, and other finished products, it is dependent in the sense that it does not, and cannot rely on its own industrial sectors. Mexico's exports, of course, have risen spectacularly in value, from $200 million in 1940 to $1.3 billionin 1968 (Carmona, 1971:203), and its exports are more diversified than those of most underdeveloped countries. Nonetheless, after nearly four decades of industrial growth, and despite such export-oriented undertakings as the Border Industrial Program[7], Mexican exports continue to be of primary materials, and food products. Further, imports continue to be largely of manufactured goods. In 1969, the top five Mexican exports were cotton, sugar, coffee, shrimp, and corn. The top give imports were passenger cars, machinery and tools, with parts and replacements, auto parts, petroleum, and its by-products, and textile machinery, with parts and replacements (Durand Ponte, 1972: 254-255). Durand Ponte found that only 22% of Mexican exports in 1968 had any industrial process involved, while 82% of the imports were industrially processed (1972:257). With the decade of the sixties, tourist dollars came to be the most important foreign exchange earner. In 1967, they accounted for 44% of the income, while cotton was merely 9% (Ojeda Gómez, 1972:303). The figure for 1970 was even higher, including some new data. Tourist money was $709 million while exports accounted for only $1.33 billion, less than twice that amount (Ojeda Gómez, 1972:319). No one knows for sure how much money the trade in drugs brings to Mexico, though Excelsior (January 21, 1976) claimed that drugs are now the major Mexican export to the United States. The money has to be in the hundreds of millions of dollars.

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[6] For a discussion of Echeverría's technology policy, the establishment of the National Council on Science and Technology in 1970, and the law on transfers and patents, see Miguel Wionczek (1974).

[7] See Raúl Fernandez (1973) for a discussion of this program.

The second trade indicator of dependence is the proportion of trade with one metropolitan country. In 1957, 77% of Mexican exports went to the United States, a figure which was noticeably higher than the 48% average for Latin American countries. Mexico was in second place behind Panama. As for imports, 77% of Mexico's imports also came from the United States, which placed it first among Latin American countries. The average was 53% (Ojeda Gómez, 1972:303-304). Nine years later, although Latin America as a whole had reduced its dependence on the United States, Mexico remained one of the most dependent countries. The average percentage of exports going to the United States was down to 39% and that of imports from the United States was 40%. However, Mexico had 62% of its exports still going to the United States and received 64% of its imports from that country (Ojeda Gómez, 1972:305). Overall, Mexico was more dependent on the United States than all other Latin American countries, with the exception of the Dominican Republic (Ojeda Gómez, 1972:305). According to the United States Congressional Joint

Economic Committee, quoted in Excelsior, February 1, 1977, the situation was worse in 1976. In that year, Mexico sent 60% of its exports to the United States, signifying increased diversification, but it secured 89% of its imports from the United States.

Finally, the basic assertion of theories of imperialism is that profit is extracted from the periphery towards the center. It has been seen in detail how the expansion and reproduction of the capitalist mode of production, especially in its monopolist stage, is part of United States imperialism in Mexico. It has been seen in detail how the penetration of United States capital has gained control of the Mexican economy's most important sectors. This is a case of quantitative change becoming a qualitative change, i.e. Mexico being incorporated into the post-war imperialist system. The other major aspect of imperialism is the transfer of surplus value. This is also an axiom of dependency theorists. They argue, in general, that dependence implies external determination of the destination and use of surplus value. The figure on the balance of payments and the repatriation of profits are the basic indicators in this case. And, with the maturing of state monopoly capitalism, the figures on the foreign debt, are also important indicators of dependence.

Taking the last figure first, the public foreign debt rose from $842 million in 1969 to $3.51 billion in 1969. Interest and amortization on this debt amounted to $618 million in 1969, and 23% of all exports in that year were needed to pay debt servicing. The bulk of these debts are owed to U.S. private institutions and public agencies (Barkin, 1975:75). The Economist (April 22, 1978) puts the aggregate foreign debt at 25 billion dollars.

The outflow of cash, calculated as profits, interest, and loan repayments, according to Carmona (1971:116) has seen a huge increase since 1940. The average annual outflow from 1941 to 1946 was $39 million and from 1965 to 1969, the figure was $830 million. This outflow, in 1953 to 1958 represented 10.4% of the total value of exports, while in 1965-1969, it represented 35.2% of exports. Mexico had a higher percentage than countries such as Ethiopia, the Philippines, Kenya, Brazil, India, and Peru, all heavily indebted abroad.

Carmona also compared the outflow to the levels of foreign direct investment. Balance of payments data for the years 1950-1966 showed that new direct investments amounted to $1.148 billion, while profits leaving the country were $2.312 billion. If one counts the profits that were reinvested directly, the profits figure climbs to $2.766 billion for the period. During the same period, $528 million left the country in the form of interest on the foreign debt, and $2.5 billion left in the form of debt repayments (Carmona, 1971:148). Durand Ponte (1972) puts the data in a simple form: For every peso of foreign direct investment, 1.4 pesos have left the country. He calculates that, for 1965 alone, 210,227 jobs in the most capital-intensive sectors of the Mexican economy could have been created (1972:244). Ceceña (1970) puts the same point differently. For 1969, he calculates that profits, foreign debt repayments, and interest combined amounted to an outflow of around one billion dollars. As Ceceña wryly said, "it is Mexico that finances the development of the United States and not the inverse" (Ceceña, 1970:223).

Conclusions

The evidence reviewed in the course of this chapter indicates that the concepts in the Marxist theory of imperialism and in dependency studies can supply a rich conceptual framework for interpretative studies of underdevelopment. First, dependency is seen, in the Mexican case, as the situation of the conquered areas in the era of colonialism. Mercantile capital, the outstanding motive force behind the search for colonies, notwithstanding certain theological and philosophical motives, dictated, and in fact legislated the economic subordination of the Colonia in Mexico. The form and content of such subordination have evolved over the centuries, but the essence of the situation always remained a reflection of the development of capitalism across the face of the globe. Second, the Mexican case is an illustration of the assertion that imperialism is economic, in the last instance. Surplus value has always experienced a net outflow from Mexico, while foreign capital has been invested either with an eye to profits, as in direct foreign investment, or with an eye to the strengthening of the capitalist mode of production and the political regimes it spawns, as has been the case with indirect foreign investment.

Without succumbing to tautologies, I conclude that the condition of underdevelopment in Mexico has a direct co-relation, supported by the evidence, to the condition of dependency. When a country exports capital produced within its own economy, as a behavioral rule within a situation of dependency, and as a result of incorporation into the world imperialist systems, that capital cannot be used constructively inside the underdeveloped country. Further, what growth does occur, and it has been spectacular in Mexico's experience of the last forty years, is warped.

Uneven development of economic sectors, a condition of all capitalist development, is more severe in a peripheral economy than in a metropolis. This perversity of growth in Mexico is shown by the atrophy of the agricultural sector which employs the most workers, i.e. the small private holdings and the ejidos, while immense fortunes are accumulated in the highly capitalized portions of that sector. Growth without development is also reflected in the unemployment figures, and in the skewed distribution of income.

Finally, the political aspect of dependency that is most interesting in Mexico's case is the development of state monopoly capitalism to a degree largely unprecedented in Latin America until more recently. The evidence shows first the massive intervention of the state in the economy and in working-class politics, and second, its result in strengthening the reproduction of the capitalist mode of production and the capital accumulation possibilities of both the Mexican and international bourgeoisie. State investment takes care of the infrastructural investments and developments necessary for servicing the more profitable enterprises always carefully reserved for private capital. That such state monopoly capitalism has been in the service of foreign capital is shown by the great expansion of foreign ownership after the Cárdenas presidency and the extent to which U.S. capital has penetrated the non-traditional sectors of the economy.

In the long run, the interpretative studies of underdevelopment that such a conceptual framework may afford must be put into a more political context. Much more work needs to be done on both the interlocking relationships between the bourgeoisie and the state, and between the Mexican bourgeoisie and foreign capital, i.e. imperialism. To begin with such a conceptual framework as that provided by the rich dependency literature and the theory of imperialism is to have a commitment to thorough-going changes in the political economy and social structure of dominated countries and within the metropolises themselves. Thus, such studies must begin to concern themselves with the theory and practice of political organization of the oppressed.

CHAPTER FOUR

U.S. IMPERIALISM AND MEXICAN AGRICULTURE

Introduction

An analysis of contemporary imperialist influence on Mexican agriculture is important for several reasons. First, for various theories of capitalist development, the agricultural sector is seen as the "motor" for "take-off" into industrial development. Capital accumulation and increased productivity in the countryside, for Marx as well as for Rostow, provide the basis for industrialization. Secondly, in Mexico as in virtually all underdeveloped countries, agriculture is the sector in which the largest bloc of labour-power is found. Although the proportion of economically active population involved in agriculture has diminished over the decades, population growth and backwardness have meant that nearly half the work force of Mexico still lives and works in the countryside. Thirdly, the structures of capitalist accumulation in agriculture hold interest because the rural Mexicans are the most impoverished in the country. Finally, agrarian questions have historically been of paramount importance in Mexican political life. There is no discussion of the Mexican revolution, the economic development Mexico has experienced in this century, or of contemporary politics in Mexico that does not directly address the agrarian questions. The countryside and its problems remain the most volatile areas in the Mexican reality.

A basic theme throughout these essays has been the economically exploitative nature of imperialism. As growth is the dynamic of capitalism, imperialism in Mexico has naturally sought to control the most profitable and fastest-growing sectors of the economy. Since 1940, these sectors have been industry and commerce, sectors in which the capitalist mode of production has for some time been predominant. In this chapter I will try to show that imperialism has been no less important in the agrarian sector, where the capitalist mode of production co-exists with semi-capitalist and pre-capitalist modes of production. Imperialism dominates the structures of dependency in Mexican agriculture, structures that extract surplus value from productive activities. They are dependent in that the uses to which the extracted surplus value is put are determined externally. That is to say, decisions about production, marketing, distribution, and investment are made in the interests of an external and dominant political economy; for the nature of imperialism is to link economies in relations of domination and exploitation.

In looking at the more advanced sectors of the Mexican economy, it is clear that imperialism is the predominance of international monopoly capital, largely in the form of United States private corporations, over domestic capital. Both capitals operate in the capitalist mode of production, which is nearly exclusive in the modern sectors of the Mexican economy. But it is in agriculture where the ability and necessity of capitalism to interact with semi-capitalist and pre-capitalist modes of production is most clearly revealed. It is where one sees that the world capitalist system, i.e. imperialism, is, as Mandel (1975:48) declares, the articulation of capitalist, semi-capitalist, and pre-capitalist relations of production, linked by capitalist relations of exchange, and dominated by the capitalist world market.

This notion of imperialism as the articulation of distinct modes of production is not exclusive to Ernest Mandel. Marx's discussion of primitive accumulation, both in developing European capitalism and in expansionary colonialism, rests on the relations between capitalist production and non-capitalist and mainly rural production. Primitive accumulation in one economy comes about when, first, the surplus of the farmer is appropriated, chiefly via feudal relations, and second, when the farmer is separated from the means of production, i.e. the land, creating a reserve army of labor for industrial capital's use (Marx, 1967:685). On an international scale, capital is accumulated first via plunder and conquest, and second via the exploitation of labor power in the colonies which is separated from the means of production and organized into pre-capitalist work forms, i.e. slavery and semi-feudalism (Marx, 1967:713). What is unique about imperialism is that it combines capitalist accumulation, or the extraction of surplus value from wage-labor, with what Mandel calls permanent primitive accumulation (1975:45), the extraction of surplus value from pre-capitalist and semi-capitalist production.

Rosa Luxemburg went a step further than Marx in her work Accumulation of Capital (1963) to argue that capitalism was in fact impossible without links to pre-capitalist modes of production. Such modes were necessary markets for capitalist-produced commodities and as areas into which capitalism could expand its own mode of production. She assumed that the limits to capitalist expansion would be reached when these non-capitalist sectors became fully penetrated, but a whole range of writers, from Lenin (1956) to Arturo Warman (1972) have described the permanence of modal articulation and its compatibility with capitalist expansion. Lenin's study The Development of Capitalism in Russia (1956) showed that the peasantry will not necessarily be eliminated by the capitalist mode of production in agriculture, in a situation of dependency. The peasant mode of production provides a source of surplus value because peasant labor is unpaid, i.e. it is not wage labor. Thus it is to capitalism's advantage to retain the varieties of the peasant mode. This theme has been taken up and developed by a number of writers who address themselves to the condition of underdeveloped agriculture in dependent countries. Losada Aldana, for example, defined the underdeveloped world as "constituted of those zones where a pluriparticular socio-economic structure operates, whose pre-capitalist internal structures and external capitalist ones, with the corresponding superstructural reflections, decisively brake the development of national productive forces, breed interior deformity and dependence with respect to the exterior" (1967:72). Roger Bartra (1975:139) asserts that the rural socio-economic formation is a single structure comprised of capitalist agriculture, petty commodity production, and subsistence agriculture. The first and second modes are integrated in that petty commodity production cannot exist in isolation. It must market its product under capitalist market condition. There may be no class relations within petty commodity production, but relations with the capitalist mode are defined as a "class condition towards the outside" (Bartra, 1975:139).

Theorists of internal colonialism, such as González Casanova (1965), Stavenhagen (1968a) and Wolpe (1975) speak of the articulation of modes of production as mechanisms of surplus value extraction. The common argument is that labor is remunerated at less than its value in petty commodity and subsistence production because it is not considered a commodity in those modes. But such labor power, produced outside the capitalist mode of production, enters into the circuit of capital, beccoming thus a transfer of surplus value. Paradoxically, capitalism, which tends to destroy the petty commodity and subsistence modes, also perpetuates backwardness in agriculture: "It cannot be assumed that non-capitalist economies which participate in an expanding, dominant capitalist market, are thereby automatically transformed into capitalist modes of production" (Wolpe, 1975:242).

Further, there is a focus by some anthropologists, especially in post-war France, on the co-existence of various modes of production in underdeveloped areas of the world.[8] Meillassoux, Rey, Dupré and Long concern themselves with the production and reproduction of labor power in a peasant community setting which then is super-exploited at wages below its capitalist value or by capitalist purchase of goods produced in a peasant setting.

Arturo Warman (1974:12-18), a Mexican anthropologist, has argued that it is a mistake to apply the capitalist measure of exploitation to the agricultural resources of land, labor, and capital in non-capitalist modes. The campesino of Mexico is generally confined to viewing these factors of production from a subsistence framework, i.e. the labor he invests in agriculture is not paid, the land he works is not a commodity for sale, and the capital he may apply to production is meant to reproduce his labor power rather than to expand itself through profits: "We wipe ourselves out just to have money pass through our hands. The rich man is just waiting for his money to multiply", said a Morelos campesino to one of Warman's students (Corcuera Garza, 1974:18). As the capitalist mode extends into agriculture, the campesino must rely even more on his non-commodity values -- his subsistence lands and labors (Warman, 1974:12). Since this increased reliance on land and labor on the part of the campesino is not proportionally remunerated on the capitalist market, especially when the Mexican government depresses official prices for basic foodstuffs, it means increased exploitation, an increase in surplus transfer from the campesino to other sectors of society. For Warman, then, the campesino is "defined by a structure of symbiotic but asymmetric relations with the rest of society which permit him to subsist but not to accumulate. All his surplus produce, in the form of commodities or labor, is transferred to other sectors of society" (1972:118).

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[8] Cf. Clammer's article in the Oxaal volume (1975:208-228). Norman Long, at the University of Texas, was helpful in introducing me to these concepts. Claude Meillassoux's presentation on pre-capitalist modes of production in the fall of 1977 at the University of Alberta was also instructive.

Thus the concept of the articulation of modes of production in dependent agricultures corresponds to Marx's original split view of the peasant:[9] peasants are bourgeois in that they own some means of production, but proletarian in that they produce surplus value through their labor. Under non-capitalist conditions of production, they produce commodities for the capitalist market. They receive no ground rent on the land, as they cannot lease it to themselves. As modernization occurs in agriculture, the organic composition of capital necessary for competition in the capitalist market increases, but the peasant is usually unable to raise adequately the organic composition of capital. Thus, as Warman (1972) argues, the peasant is thrown back upon increasing the intensity of his labor, and eventually, to becoming a part or full-time wage-laborer outside the petty commodity mode. As Bartra (1975) points out, in England, the capitalist model, the process of primitive accumulation in the rural areas meant both separation of the producer from the means of production and the accumulation of wealth for productive investment, but under imperialism in 19th century Mexico, such wealth was exported. The dispossession of the peasantry in Mexico was not accompanied by a corresponding rise of capital inputs in agriculture, except in isolated pockets. In Bartra's view (1975:129) even more highly-capitalized sectors such as the Morelos sugar haciendas relied heavily on the super-exploitation of labor, and thus the Revolution ensued, an adjustment to a more controlled capitalist development in agriculture.

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[9] Cf. Duggett (1975) and Marx's 18th Brumaire of Louis Napoleon (1972, 1852).

Even with the anti-imperialist nature of the Mexican Revolution, the structures of dependency have remained and deepened. The writings of Ernest Feder (1977) and Fernando Carmona (1971) with regard to dependency in Mexican agriculture will provide a framework for the discussions in this chapter. Carmona sees the contemporary structures of dependency resulting in a situation similar to that of 1910: uneven development, mechanization applied largely to certain "islands of development", foreign demand often providing the impulse for irrigation and a higher organic composition of capital, a reserve agrarian labor army forced to accept low wages, and the backwardness of most areas and cultivators. This situation results, in Carmona's view, from foreign financing of state infrastructural investments, foreign-dominated programs of research, experimentation, and training, foreign selection of techniques and production patterns, foreign firms dominating the maintenance and supply of machinery, imported patterns of consumption among the dominant Mexican social sectors, and the flow of labor to U.S. agricultural areas. Feder (1977) defines dependency as a situation in which foreign, mostly U.S. capitalists make decisions regarding capitalist agriculture in Mexico. These decisions affect (1) the quantity, quality, and types of inputs, (2) the prices of inputs, (3) productive processes, (4) marketing processes, and (5) the returns on capital investments and on some of the technologies employed. This chapter is a discussion of the ways such power over Mexican agriculture affects the condition of underdevelopment, capitalist development and productivity, the petty commodity and subsistence modes, the ejido, rural class structure, Mexican government policy, and the alternatives for the Mexican rural sector. Several examples of imperialist penetration of agriculture will be used to illustrate the arguments presented.

Indicators of Underdevelopment in Agriculture

Given the weight of the agrarian elements in the Mexican Revolution, and given the ideology of land reform, especially in the Cárdenas presidency, one would expect a fairly equal division of land. If, as Bartra (1975:139) claims, the Revolution was made to promote petty commodity production, one would expect to see a rural Mexico of small family farms. However, as is known, the statistics on land tenure show a surprisingly undemocratic distribution, notwithstanding the negative effects of population growth and the virtual atomization of infrasubsistence plots. Stephen Niblo's figures (1975:112) show an increasingly unequal distribution of land, the result of neo-latifundism. The larger landowners have increased their share of holdings since 1940. In that year the largest 10% of private farms held 47.6% of the farm land, while in 1960 the figure had increased to over 55%. Heberto Castillo's figures (Excelsior, April 29, 1976) show the extremes even more clearly: 13,000 "small land-holders", or .4% of the total, before 1970 held 92.65 million hectares, while 2.46 million land-holders, or 86.6% of the total, held 32.5 million hectares. Of irrigated private land, 5000 individuals held 23.3% of the total, while another 409,000 individuals shared 37.5% between them. Of rain-dependent lands, some 5000 people held 7 million hectares, while 2.29 million persons held 7.8 million hectares. Fausto Burgueño Lomeli (1975:33) shows that in Sinaloa, an area of intense capitalist agriculture, 72% of the number of land-holdings are of less than 5 hectares and occupy less than .93% of the arable land, while 1.27% of the holdings are ejidos, with 23.75% of the arable land, and 26.08% of the holdings, in private hands, occupy 72.34% of the arable land. Mata G. (Excelsior, May 22, 1977) estimates that commercial farmers control 64% of irrigated lands, two-thirds of the credit, three-fourths of agricultural insurance, and 86% of the potable water supply in the countryside.

This lop-sided distribution, which seems to worsen in areas where capitalist agriculture is most developed, results in an uneven distribution of productive capacity. It is a symptom of growth without development that in 1960 2% of all farms in Mexico accounted for 70% of the sales value. By comparison, in the United States, the top 10% accounted for 40% of the sales value (Cockcroft, 1974:271). In Sinaloa in 1970, 53%

of the state's agricultural value was produced on a mere 25,000 irrigated hectares, out of a total of nearly 500,000 irrigated hectares (Burgueño Lomeli, 1973:145).

Without a doubt, the decades 1940-1960 were years of massive growth in Mexican agricultural output. The rate of mechanization rose also, but as with total value of agricultural product, the distribution of mechanization was determined largely by capitalist development, i.e. the most capitalized sectors increased their mechanization at a more rapid rate. During the 1940s, for example, Mexican agriculture experienced a 12.6% annual mechanization rate. The rise was a factor of 5 over the decade for large holdings, 2 for ejidos, and 2.5 for small holdings (Centro de Investigaciones Agrarias, 1973:355). An indicator of the uneven nature of agricultural development in these two decades is found in the relation of rates of mechanization in different sectors with the generation of employment and production. A mark of increasing production is that while in 1940 it took 925 persons to produce one million pesos of value, in 1960, a mere 420 persons could produce the same value. These figures are aggregate for all sectors. But on the large capitalist farms, a mere 250 persons could create the same value in 1960, while it took 500 on the ejidos, and 1600 on the minifundios, the small plots (Centro de Investigaciones Agrarias, 1973:357). That this productive capacity was due to a rising organic composition of capital on the large farms is shown by the fact that in the 1940s the latter experienced a 16.9% annual mechanization rate, higher than the 12.6% aggregate rate. In this decade, the large holdings attracted labor and growth produced an increase of the labor force 4% higher than the population increase, better than the performance on ejidos or small plots.

In the 1950s, when the job creation rate fell on the large farms, mechanization proceeded at double the production increase rate, showing productivity to be due increasingly to the higher organic composition of capital on large farms (Centro de Investigaciones Agrarias, 1973:356). For the small holdings, mechanization, productivity, and job creation grew in the 1940s, but production stagnated in the 1950s, due to the limits of capitalization on small plots. Nonetheless, the small holdings had to provide more jobs for the expanding rural population (Centro de Investigaciones Agrarias, 1973:356). This employment increase can be accounted for in two ways. First, the average number of days worked per year be *jornaleros*, rural day workers, dropped from 190 in 1940 to 65 in 1960, and thus the actual number of jobs could grow. Secondly, when the limits of capitalization are reached on small plots, labor is the only factor of production that can be increased. The Banco de Mexico data from 1960 show that 1000 pesos invested in smaller plots generated more man-hours of work than on the large capitalist farms (Centro de Investigaciones Agrarias, 1973:343). The organic composition of capital is clearly in a state of highly unequal distribution. Ernest Feder reports that in 1960 small private farms of less than 5 hectares held only 2% of the total value of machinery, equipment, and vehicles, while private farms over 5 hectares held 67%. The *ejidatarios*, *ejido* members, accounted for 3% of the total. As a result, total operating capital on the large farms averaged 8000 pesos, on the smaller plots only 228 pesos, and on the *ejidos*, about 1000 pesos (1971:23).

The problem of unemployment and underemployment in rural Mexico is one that had not been resolved by capitalist development. On the contrary, the situation has been exacerbated. The transfer of surplus value from the countryside to other sectors of society and to the imperialist investors had helped keep wages very low, while the concentration of growth in the large capitalist farms soon reached a point of diminishing returns as regards job creation. The atomization of small plots via population increase and their capitalist limitations in competition with large farms are two factors forcing the small family farmer, as well as the ejidatarios,to become at least a part-time rural proletarian. In 1950, there were 1.5 million landless jornaleros, but in 1976, the figure was 5 million, over half the rural labor force (North American Congress on Latin America, 1976:18).[10] Bernardino Mata G., an authority on agrarian issues at the National School of Agronomy in Chapingo, claims that fewer than 5000 families hold 60% of the arable lands, while 3.15 million heads of rural families are unemployed or underemployed (Excelsior, May 22, 1977). Figures for Sinaloa and Sonora show that capitalist development tends to create more landless workers. There the average of landless workers in the labor force was 61% in the 1950s, while the national average was 46% (Burguéno Lomeli, 1973:34). The falling average number of days worked available to the jornalero is one indicator of underemployment. Another is that even with two million campesinos going to the United States as braceros in the 1940s and 1950s, with massive migration to the cities, and with an absolute rural population increase, productivity still rose (Greckel, 1969:192). Had these out-migrants and braceros remained at home, the figures for unemployment and underemployment would have been much worse. Obviously capitalist agriculture has been incapable of resolving the problem of rural unemployment.

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[10] Hereafter cited as NACLA.

It is a truism that rural Mexico has provided capital for much of Mexico s industrialization and urban development. The other side of this coin is the marginalized condition of the rural population. The figures on income distribution presented in Chapter Three reflect the impoverishment in the countryside. The Centro de Investigaciones Agrarias quotes Banco de Mexico figures showing real agrarian income per capita falling in the decades 1940-1960 (1973:340). James Wilkie (1970:276) concludes that Cárdenas' reforms, a definite encouragement to efficient capitalist agriculture, "had little practical effect on the life of the common man, who remained illiterate, shoeless, isolated, underfed, and without sewage disposal."

These themes of underdevelopment will reappear in discussions of the _ejidos_ and peasant economy, as well as in the presentation of examples of imperialist penetration. The argument revolves about the integrated nature of the capitalist system in Mexico. It is not that imperialism per se can be identified as the generator of inequalities in capitalization, productivity, and income, but rather as the senior partner in a whole series of structures extracting surplus value from Mexican agriculture.

A Theory of Capitalist Accumulation and the Role of U.S. Capital in Mexican Agriculture

In _Late Capitalism_ (1975) Mandel includes as one of the characteristics of the present epoch the increasing industrialization of all processess of production. This process means technological change in the productive processes, increased capital investment, and wage-labor. The dynamic of capitalist accumulation is present in this industrialization.

Capital is invested in productive activity, in terms of its inner dynamic, in order to be increased. The tendency of the average rate of profit to fall as the production of any commodity is industrialized is an insurmountable problem for capital. It must seek new investment opportunities or attempt to extract more surplus value by improving productivity. Thus capitalism drives its own growth by ever seeking the most profitable sectors of the economy for investment. For an enterprise to remain above the average profit rate it must achieve surplus profits. It must do this at the expense of competitors in the production of the same commodity. Marx noted this tendency and saw the consequent development of monopoly capitalism before it actually appeared and became the dominant capitalist formation in the world economy. U.S. monopoly capitalism and intermediate capitalist enterprises are dominant among capitals seeking surplus profits in Mexican agriculture.

To achieve surplus profits, there must be control over commodity systems in their totality. Thus another characteristic of late capitalism that Mandel lists: the importance of non-productive activities, defined in the strictest sense of the labor theory of value, in the total circuit of capital: marketing, distribution, planning, and process improvement. In the advanced capitalist countries and in the advanced sectors of the dependent capitalist social formations, the industrialization of even the non-productive parts of the capital circuit, becomes important in maintaining surplus profits.

In the production of any commodity competition favors the enterprise with the best means of achieving surplus profits. Mandel argues that just as Marx predicated the growth of capitalism upon the transfer of surplus value between two departments, the dynamic of such capitalist accumulation, the transfer of surplus value, occurs among enterprises or capitals in each department, in each sector, and in every commodity. Marx said, "one capitalist kills many." Thus the most innovative firms, in every historical phase of capitalist expansion, are the firms to which surplus profits accrue. Mandel also suggests late capitalism is different because there is more control over commodity systems, exercised by both capital and the state. Control guarantees surplus profits and helps avoid the fluctuations of capitalist cycles. In dependent economies foreign control is exercised in those sectors which have the highest potential for the production of surplus value. Control is exercised to the degree that competition reduces the possibilities for surplus profits. This extraction of surplus value by foreign capital prevents or slows the domestic accumulation of capital.

As stated above, surplus profits demand control of the commodity system, i.e. production, marketing, distribution and productive investments. In the Third World especially, this position of control in the advanced areas of a commodity system interacts with the petty commodity and subsistence modes; for these modes are part of the capitalist system, providing commodities, land and labor power, which, because of their nature, become surplus value transfers to the most modernized and capitalized firms. This is the conceptualized position of monopoly capital from the U.S. in Mexican agriculture, at the apex of the commodity system pyramids. This relationship of monopoly capital to *minifundios*, *ejidos*, intermediate capitalist growers and large growers thus had connection to the phenomena of underdevelopment discussed previously, given the contribution to underdevelopment of capitalism as a whole. Feder postulates that "fixed investment is a prerequisite for control over the commodity system in its totality and operating capital is a prerequisite for control over the productive processes (1977a:422). To illustrate the role of U.S. capital as dominant and extractive of surplus value in Mexican agriculture via examples of imperialism is to test the hypothesis that U.S. capital is to be found in fixed and variable capital investments in the most advanced areas of agricultural commodity systems.

Examples of Imperialism: Strawberries for Export

Ernest Feder said in Excelsior of May 16, 1977 that "the case of the strawberry business is an example of the dominance of foreign capital and technology in the agrarian sector, within a traditional agriculture which is relatively primitive and characterized by its low productivity, scarce income, the excess of labor power -- unemployment and underemployment, and great poverty." The strawberry crop in Mexico, cultivated mostly around Zamora, Michoacán, and Irapuato, Guanajuato, had a crop value in the early 1970s of between 15 and 30 million dollars at the producer level (Feder, 1977:5). Virtually all the strawberries, frozen and fresh, are destined for the U.S. market. It is a case of the transfer of a U.S. agricultural sector to Mexican soil. The strawberry business would be a prime example of the kind of "agricultural modernization" in the Third World that occupies the attention of the Harvard Business School.[11] The backbones of the strawberry business are the freezing factories around Irapuato, and Zamora, 29 in all. True to the pattern considered necessary for production control and the achievement of surplus profits, U.S. capital is directly invested in machinery in the

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11. Cf. Morrissey (1974).

factories and in operating capital. There are eight firms of U.S. brokers which dominate investment in circulating capital, while U.S. agribusiness firms such as Ocean Garden, Pet Milk, Imperial Frozen Foods, Del Mar, Griffin and Brand, and Bimbo control the majority of the freezing factories. The plants of "almost surely U.S. capital ownership" handled up to 62% of frozen strawberry exports in 1973-74 (Feder, 1977:19). The food corporations and brokers are multinational enterprises in that they re-export fruit to Europe and Japan and in that they are both vertical and horizontal monopolies, but they are mostly of intermediate size, measured against most U.S. multinational corporations. There is competition among them, but one individual, Othal Brand, of Griffin and Brand, Inc. in McAllen, Texas, is reported to handle 60% of the strawberry business as a whole. Brand is a broker who finances and purchases crops, invests in freezer factories, and markets the commodity on the U.S. market. His Gulf Brand Chemical Corporation also has a monopoly on a washing solution used in the freezer factories (Feder, 1977:16).

Feder points out several characteristics of this U.S. fixed capital investment that are contrary to the image of foreign capital bringing important resources to Mexico. First, the investment has been unplanned and has resulted in irrational growth and excess capacity in the freezer plants. The factories are idle six months of the year and are not equipped to handle other crops the local areas might provide. Secondly, U.S. capital investment in strawberries is far more than a complement to domestic capital. U.S. investors use their own rather than local capital when this offers "the best guarantee of full control, and relax this effort only when the aggregate of the means at their disposal is sufficient so that the entrance of local capital does not present a danger to fullest control" (Feder, 1977a:425). Apparently it is safer to maintain a ratio of U.S. to Mexican capital of 7:1 or 8:1. If Mexican capital controlled processing it could export the strawberries to non-U.S. markets independently of the brokers and processors. Thirdly, U.S. fixed capital investment has not been the harbinger of efficient management and the most modern technology transfers to Mexico. The same U.S. companies that operate very efficiently in the California strawberry industry import defective and dated machinery and maintain a lower standard of safety and management in their Mexican plants (Feder, 1977a:432).

U.S. variable and operating capital in the actual growing process maintains control via several mechanisms. Production credit, or advances for the purchase of plants, insecticides, herbicides, fertilizers, machinery and labor power are made available to gorwers just as they are also made to some processors. This credit is advanced within the terms of contracts, called "_contratos leoninos_", that are considered with respect to the ability of the buyer/brokers or processors to violate the terms at will. The grower is obliged to deliver the berries under conditions determined by the broker or processor after the contract is signed. The prices are usually not set until the harvest is in hand, as the brokers wait to see what the U.S. market will bear or how desparate the growers are to unload the delicate harvest. The smaller growers are naturally in a weaker position than the larger growers.

The Mexican government requires production permits, in a vain attempt to control the boom in strawberry cultivation and overproduction. Quotas, constantly violated, have been imposed. Permit prices range from ten to twenty thousand pesos, a sum high enough to discourage most small farmers and ejidos. By all rights, the Zamora ejidatarios should be producing at least half of the crop there, since 66% of the irrigated land in the area is ejidal. However, in 1973-74, only 10% of the hectarage in strawberries around Zamora was ejidal (Feder, 1977:69). Ejidatarios have a difficult enough time arranging state credit for the expensive inputs needed, and foreign credit prefers the large capitalist growers. This lack of access to credit for ejidatarios and small independent producers results in some permit-holders renting their land surreptitiously to major growers. Ejidatarios that do get permits are usually capitalist farmers in their own right; they have enough land and capital to hire workers. Often poorer fellow ejidatarios have rented their lands out to the better-off ejidatarios. The legal limit for growers is 12 hectares, but Feder cites examples of 160-hectare units (1977:78). The water supply is another issue in the production of berries. The berries require a lot of water, so much so that while Zamora's berry producers only occupy one-fifth to one-third of the irrigated land around the city, 75% of the water supply is required. Officials of the Mexican irrigation bureaucracy have a chance to become involved in corruption where it comes to water. Feder cites examples of large growers having personal watergate keys while ejidatarios have difficulty gaining access and non-strawberry producers' needs are neglected (1977:80).

All growers under contract must follow the planting, cultivation, and harvest plans laid down by the brokers and/or processors. This control begins with the infant plants that come originally from U.S. nurseries. These varieties have been shown to be less than optimal for Mexican soil and water conditions, but no Mexican research and development branch is encouraged (Feder, 1977:48). Technical advice and technology are also supplied by brokers and processors, but "technology transfers discriminate between producers." The largest growers are preferred, and "the likelihood that a grower can obtain disinterested technical advice and the best quality inputs under these conditions can be assumed to be inversely correlated with the size and importance of the international agribusiness firm" (Feder, 1977a:430) On the surface such technical advice and technological transfer would seem to serve the purpose theorized for it by Morrissey (1974:74). However, Feder found that the intensive irrigation fostered soil infestation around Zamora, while some chemicals used in Mexico, produced by U.S. firms, are banned in the U.S. (1977:143). In February 1975 the U.S. put an embargo on Mexican strawberries for containing Asodrin and Novacron, fumigants produced by Shell and Ciba-Geigy, both U.S. corporations. But the final chapter on chemical tainting is instructive. U.S. Food and Drug Administration inspectors were allowed to inspect Mexican strawberry plantations. The year in which the complaints about chemicals were raised was a year of declining U.S. demand, due to the recession. The impact of the campaign was hardest on the state-owned freezing factories involved with ejidatario growers. The largest factories and growers were the least hard hit (Feder, 1977:144-150). Feder's interviews and research suggest "a purposeful strategy to get rid of the small producers" (1977:147). There is varied speculation as to the real story, but the impact is to demonstrate the vulnerability of Mexico in a situation of dependency and the lack of control the country has over all phases of production in a valuable export crop.

While U.S. capital extracts surplus profits from strawberry growers and processors, its dominance over labor, while mediated, is no less penetrating. The growers purchase labor power with credit advanced them by brokers and processors. The low wages paid to field labor becomes surplus value transfers that go through several levels to rest ultimately in the hands of foreign capitalists. The average field job lasts only four months and there is a huge surplus of labor available. Zamora is surrounded by slums that only recently developed, showing the strawberry to be the "magnet of poverty" (Feder, 1977:77). These slums now hold 75% of Zamora's population. Workers travelling farthest will work for the lowest pay. Some growers even send buses several hundred miles to other states to bring in workers. Workers are paid usually at rates below the legal minimum, i.e. less than three dollars a day (women and children, at harvest time, are paid even less, despite laws to the contrary). There are so many people trying to get work that a labor assembly point in Zamora is guarded by soldiers with machine guns (Feder, 1977:92). Conditions in the fields are often appalling, as in most capitalist agriculture in Mexico. A seven-day week, speed-ups, short lunches and lack of sanitary facilities or medical care are combined with the indiscriminate use of chemicals (Feder, 1977:95).

The situation in the packing plants is little different. The plants always use young women (14-25 years) and often young children (7-12 years). Though the workers are reluctant to discuss the conditions, Feder was able to discover the 18-19 hour days during peak periods, the lack of overtime rates, and the infra-marginal wages for child labor in factories financed by U.S. capital. There are prohibitions against talking, the packing plants are cold inside, there is a lack of health facilities, and there is harassment to increase production. The factories require uniforms and sell them to employees at inflated prices, fractions of hours are unpaid, and bribes are often paid to secure employment (Feder, 1977:96-99).

This super-exploitation of labor-power is an example of the articulation of various modes of production in that campesinos and ejidatarios seeking work as field hands have to rely on their own plots for subsistence. The capitalist mode in Mexico considers them as part-time and thus is not responsible for health care or other social services that help maintain and reproduce labor power. The part-time status of the workers intensifies their subsistence relationship to the land and their own labor-power at home and thus perpetuates the minifundio. The articulation of modes of production means that the return on variable capital is higher in dependent economies, whereas in the advanced capitalist countries, agricultural profits on fixed capital are higher (Feder, 1977:109).

Finally, the strawberry business in Mexico has a range of social effects. First, the chaotic growth in the industry has created poverty zones in the area and contributes nothing to that aspect of development that may improve the standard of living for the majority. The wealth that remains in Zamora is in the hands of a few. Second, a number of conflicts are generated or worsened; full-time versus part-time labor, men versus women, locals versus migrant labor, large versus small growers and processors, and between the Mexican government and foreign investors. In 1971 and 1973 there were peasant protests and a fairly strong movement to boycott processors. Land invasions occurred, and some peasant leaders were jailed (Feder, 1977:121-127). There is a campaign to discredit the ejidatarios, accusing them of being lazy, incompetent, inefficient, bad managers, irresponsible, and unworthy of receiving credit (Feder in Excelsior, May 16, 1977).

Examples of Imperialism: The Northwest Export Agriculture

U.S. capital investment in Mexico's irrigated northwest, especially in Sinaloa and Sonora, illustrates Aguilar Monteverde's assertion that direct investment is no longer necessary for imperialism to extract surplus value. Just as in the strawberry business, surplus profits come from technological rents, export commerce, financing, and machinery sales (1974:131). As Erich Jacoby says, "ownership of agricultural land is losing its economic meaning unless it is combined with the capital resources necessary for the modernization of production" (1975:92).

In the 1930s and 1940s, U.S. capitalists who got in on the ground floor of the winter vegetable market were Nogales-based distributors, such as J. K. Wilson and Kitty's Vegetable Distributors, and produce packers Deardorff-Jackson and Dixon Tom-A-Toe. When in the 1950s the first view-ripe tomato shipments began, there was a tremendous sales expansion and these firms were in a good position to benefit. First, they controlled U.S. distribution since two-thirds of the shipments came through Nogales. Second, such vine-ripe shipments required labor-intensive cultivation and increasing amounts of technology. The distributors, packers, and later the supermarket chains, through their own sources or through banks like the Valley National Bank of Arizona, were the only large-scale source of credit for the large Mexican growers (NACLA, #6, 1976:10). When the Cuban source of winter vegetables was cut off by the embargo, another boom occurred in northwest Mexico. The United States bracero program ended in the early 1960s, releasing a flood of workers onto the Mexican labor market and holding farm wages down. The distributors and the supermarkets, which were by now directly investing with the growers under contract, were in good position to benefit from the expansion of Mexican production. The chain stores now buy one-half the Nogales deliveries directly (NACLA, #6, 1976:11). There has been a tendency for these Nogales-based operations to expand vertically. They arrange credit for the growers, or loan funds directly against the harvest, own Nogales warehouses, and operate fleets of trucks to bring the produce across the border. Many investors also deliver machinery, fertilizer, herbicides, and technicians directly to the grower, incidentally increasing their control over actual production (Millón Echeagaray, 1973:113). This is important, when the investment per hectare amounts to twenty or thirty thousand pesos, and the Mexican government cannot meet the financing needs.

The U.S. capitalists involved in agribusiness are of three kinds: those who operate from the United States, like the distributors in Nogales, those who operate inside Mexico in corporations like Anderson-Clayton or Del Monte, and those who are *latifundistas* themselves. These U.S. landholders generally operate through Mexican partners, or *prestanombres*. In Casas Grandes, Chihuahua, it was reported that some U.S. Mormons, though they may be naturalized Mexican citizens, are holding some 5000 hectares of disputed *ejido* lands where they raise cattle, shoot peasants and cattle who invade the land, and win court battles on the basis of legislation which allows "efficient large holdings" to persist (*Excelsior*, May 12, 1976). In Sonora and Sinaloa, U.S. *latifundistas* seem to be better disguised. The Wilson/Bustamante alliance is a good case point, holding some 12,000 hectares in Sinaloa. It is called Rancho Wilson, the scene of some recent campesino invasions. J. K. Wilson, a Nogales distributor, got into the Bustamante family via marriage. The holdings are disguised by a prestanombre network. The killings of peasants which terminated Carlos Armando Biebrich's term as governor of Sonora took place on land that a nine-year-old prestanombre supposedly owned (Excelsior, November 1, 1975). As for Bustamante, he calls himself a maquilero, a machinery rentier, not a landowner. In 1975, the J. K. Wilson Company in Nogales shipped over $5 million worth of produce (Guardian, November 3, 1976).

Another example of practical alliances with Mexican growers is the Deardorff-Jackson Company's link with the de Saracho family in Culiacán. Deardorff-Jackson, based in Oxnard, California, supplies the funding and receives exclusive shipments from the de Saracho holdings. The latter's operations are interesting. They use a chemical gas to ripen the already-picked green tomatoes. Picking green tomatoes is faster, and labor-saving (NACLA, #6, 1976:16).

The distributors have a double strangle-hold on the growers, who nonetheless profit handsomely. Weather and harvests in Florida and California affect the market for Mexican produce, so the buyers, often the same agribusinesses operating in the U.S. areas, control the prices. These capitalists also control financing, and only five or six growers in northwest Mexico are independent of that connection. This financial control is important, for profit transfers out of Mexico, since profits are twenty percent higher without external financing to pay off (NACLA, #6, 1976:13).

Besides this financial control and outright partnership, U.S.

interests have extended to capital goods and processing in northwest Mexico. As Florida's agricultural productivity sky-rocketed, the advantage of labor-intensive Mexican holdings diminished and the growers were forced to become more capital-intensive. They raised the organic composition of productive capital by investing in competitive technology. This signifies more concentration in fewer hands, a balance of payments drain, and more unemployed Mexicans. In 1973, there were sixty-five produce packing sheds in the Culiacán Valley, whereas in 1976 there were only thirty-three (NACLA, #6, 1976:11). Seeds, herbicides, pesticides, and fertilizers, all imported from the United States, now account for 35% of production costs (NACLA, #6, 1976:14). Companies involved in this trade are Anderson-Clayton, Qúimica Niágara de México, Stanfford, and Servicios Agrícolas Cook (Millón Echeagaray, 1973:112). U.S. investors in Mexican agriculture, though often not in Fortune's 500, are sufficiently large to avoid being damaged by the quirks of the market caused by world fluctuations and U.S. harvests. An example of such adroitness, based on vertical and horizontal expansion, is the Anderson-Clayton empire. Collaborating with the Mexican firm of Esteve Hermanos, S.A., this firm controlled more than 90% of the northwest Mexican cotton harvest through their near-monopoly on the mills and seed processors located near the growing areas in the 1960s. In 1970, the market for Mexican cotton declined, as the U.S. producers strengthened their own production and demand fell. This meant that hundreds of thousands of Mexican cotton workers were unemployed, but the company, retaining its mills, deftly moved into safflower and soya cultivation and processing, and it now markets shortening, cooking oils, margarine, peanut butter, eggs, chicken, soups, spices, candy, animal feed, etc.

With 4000 workers in its processing plants, $148 million in sales and $6.9 million in reported profits in 1973, it is the largest food company in Mexico (NACLA, #6, 1976:20). It has flourished and illustrates a double trend. U.S. corporations are more and more becoming monopolies and are producing for the domestic Mexican market. The League of Economists from the National University reported in Excelsior of August 19, 1976 that 72% of Mexican agricultural exports are controlled by five U.S. multinationals. They also control more than 80% of domestic consumption in processed milk products, coffee and tea, gum and soft drinks concentrates, with profits 400% higher than Mexican private and public firms.

Examples of Imperialism: Del Monte in the Bajío

There is another example of the trend to larger corporations' monopolization of agribusiness in Mexico. Anderson-Clayton obviously extends well beyond the northwest and so does Del Monte, which has established a particular hegemony in the Bajío, an area largely in the state of Guanajuato. Also active there are General Foods and Campbell's, Ford and John Deere, Ralston Purina, and Anderson-Clayton (Guardian, Nov. 24, 1976). Del Monte first arrived in 1959 to set up a cannery in Irapuato which is now the Bajío's largest, handling the greatest variety of produce in all of Del Monte's world-wide operations (NACLA, #7, 1976: 12). When Del Monte began operations, the Bajío was producing corn and beans for domestic consumption on holdings, for the most part, of from ten to twenty hectares. The Bajío had received the benefit of Cárdenas' land reforms in the 1930s. Del Monte began to contract farm the area, favoring the larger growers and supplying the seed, credit, machinery and cash to hire workers. Del Monte was practically the only credit source, the federal agencies being practically impotent. Soon Del Monte had technicians on the farms to ensure specifications were met. It also had the largest machinery pool in the Valley. This central position soon began to change land ownership patterns, since only the larger growers could fully participate. In 1964, Del Monte had contracts with twenty-one growers, with an average contracted area of twenty hectares. These contracted fields were usually only a part of their total holdings. In 1976, contracts were held with one hundred fifty growers, each cultivating an average of fifty hectares (NACLA, #7, 1976:13). While these were much smaller than the holdings in the northwest, in the Bajío crops were different. The smaller growers became increasingly marginalized and began to rent or sell their land in large numbers to the larger growers, becoming wage-laborers themselves. The three largest crops are now sweet corn, peas, and asparagus. The first two go to Mexico's better-off urban groups, while 90% of the asparagus is exported (NACLA, #7, 1976:14). And this is while 15% of Mexico's annual foreign debt goes to buy corn (Excelsior, June 6, 1976:1). The expansion of export agriculture in the Bajío has meant a reduction in Mexico's ability to feed itself.

Beyond this effect of marginalization and re-routing of production, Del Monte has affected the employment pattern. While it employs 1750 workers in the cannery, only 120 are full-time employees, nearly all women. They make 61 pesos per day, around five dollars, and the representatives of the PRI-sponsored union, are all men and ensure that there are no strikes. There has been no union meeting in thirteen years. The cannery work impairs hearing, the acids used burn the flesh, and supervisors harass the workers. In the fields, the workers get three dollars a day (NACLA, #7, 1976:14). Both these groups of workers are dependent, if only seasonally, on Del Monte for work. In Mexico, people with jobs do not easily give them up, no matter what.

Del Monte fulfilled one of the imperialist functions, creating new demands and needs, by having its advertising agency, McCann-Erickson, mount a full-scale media campaign to sell its products to Mexican middle and upper-class homes. By 1968, according to a survey, 70% of the people contacted knew the brand name (NACLA #7, 1976:15). Del Monte is a good example of the metamorphosis of U.S. capital interests in Mexico from partners of Mexican growers in the northwest to veritable independent monopoly empires, having an ever deeper effect on class structure and capitalist accumulation around them. The point is not that Del Monte and others like it do not pay their workers as much or sometimes more than Mexican employers, but that Del Monte is there in the first place in order to take advantage of a better organic composition of capital. To operate a plant like that in Irapuato in the Salinas Valley of California would mean a much higher wage payroll or a higher investment in technology and safety standards, each of which translates into dwindling profit rates in a competitive business venture. Other companies that have followed suit since 1961 and purchased already existing Mexican processing plants are General Foods, Heinz, Gerber, McCormick, Nabisco, Kellogg and United Fruit (Stavenhagen, 1968b:90).

The Peasant Economy's Interaction With Imperialism

The common point of departure for most contemporary Mexican social scientists concerned with rural political economy and sociology is an agreement that there is no separation of modes of production in the countryside. The theory of dualism is no longer in currency. Stavenhagen (1968a) and González Casanova (1970) both subscribe to the notion of internal colonialism to describe one aspect of modal articulation, the exploitation of the Indian community by the *ladino* and *mestizo* society. Restrepo (1969, 1975), Bartra (1975), Gutelman (1971), Pearse (1977), Griffin (1974), Aguilar Monteverde (1974) and Warman (1972, 1974) work from within the general framework of concepts generated by Wolf (1966) among others. This framework posits a dialectical and integral relationship between the capitalist and semi-capitalist modes of production. Behind this framework lies the theory of capitalist growth expounded by Marx, Lenin, Luxenburg, and most recently, by Ernest Mandel. Thus, to discuss the peasant economy is to discuss modal articulation in which capitalism dominates and extracts surplus value at the expense of the less advanced modes.

The basis of the peasant economy in Mexico is the subsistence *minifundio*, the small holding which is worked by family labor. Outside labor, in the form of wage labor, or labor exchanges between community members, may take part in such subsistence production, but it is not the rule. Capitalism intervenes in the purely subsistence farm in a variety of ways. First, as Aguilar Monteverde shows in rejecting the theory of dualism, subsistence farmers may, for a number of reasons, produce a commodity for sale on the capitalist market. Aguilar Monteverde claims that some 61% of the subsistence farms do just that (1974:138). Second, when subsistence farming is not adequate to meet the physical needs of thethe *campesinos*, which is often, the subsistence farmer becomes a wage-laborer on capitalist farms, for other subsistence farmers, for independent commodity producers, or for large commercial enterprises. Third, subsistence farmers may rent their lands, legally or illegally to entrepreneurs. As Ivan Restrepo bluntly put it, "between dying of hunger and renting, campesinos have preferred to rent" (Excelsior, May 25, 1977). Thus capitalism reaches into both the products of subsistence farming and into the factors of production -- land and labor.

Arturo Warman's point (1974:13) about the different and non-capitalist attitude of the campesino is well taken: the fact that the campesino does not regard the factors of production in terms of accumulation, but rather in terms of life and subsistence, is a reflection of the non-class relations within the campesino community in the latter's non-intervened form. Relations of classes only enter into campesino life where capitalism intervenes. Stavenhagen describes (1968a:143) how in Chiapas Indian communities labor and public position are not sources of enrichment. The Indian community office of Mayordomo revolves among all adult males and means an almost potlatch kind of personal expense. The Mayordomo is required to throw the annual fiesta. The ladinos, on the other hand, live in a class-stratified structure and interact with the Indians on that basis.[12]

Another example of these distinct attitudes to the factors of production is provided by Corcuera Garza's work (1974) with Morelos campesinos working minifundios in a non-irrigated part of the state. Curouera spent a year with campesinos in the area, tracing the whole agricultural cycle of subsistence and its dialectic with outside exploitation. The campesino's relations with capital are present from the beginning of the cycle. Although these Morelos campesinos are ejidatarios, each working his own inalienable plot, they receive no Banco Ejidal credit, as seasonally-watered lands are not good credit risks. Thus, to plant chilis, maize, and peanuts the campesinos have to borrow from local moneylenders. Although this is not as alienating as receiving credit from brokers, as in the strawberry example, it makes for a relationship of submissiveness on the part of the campesino. Loaning money at high interest rates becomes in practice "a favor" to the borrower.

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[12] Ladinos, the Europeanized Indians or mestizos, those who have thrown off "Indian Ways". Cf. Stavenhagen (1968b).

Corcuera saw that in fact the crops were not profitable, in the sense that chilis and peanuts did not bring much on the capitalist market, especially since the campesinos, for lack of transport, usually have to sell to acaparadores (local middle-men) at prices much below the usual market value. Also, the vagaries of weather and water supply, combined with poor soil and the lack of expensive inputs such as fertilizers and pesticides, makes every crop cycle a high risk. Corcuera asked why the campesinos, who normally work as jornaleros from December to April and perhaps also in September, did not work as jornaleros year-round. They replied: "If we didn't plant, we'd have to dedicate the whole year to jornal and things would be worse. The jornal is unsure, and when they give us work we have to work very hard. Even so, we have to do it, since our own harvests aren't adequate to meet our debts and the cost of tortillas" (Corcuera, 1974:81). For Corcuera, the factors driving the San Gabriel campesinos to seek temporary work outside the community, where campesinos do each other the "favor" of jornal labor in the most intensive parts of the productive cycle, are: (a) the reduced capacity of the land to absorb more labor power, which stems from population increase and the lack of irrigation, steep slopes, erosion, etc., (b) low productivity due to the lack of capital for inputs, and (c) the lack of institutional credit (1974:83). Melville (1974:255) adds another reason: the government legislated bean and maize prices to aid the urban population. The *campesino*, hit by inflation, thus goes for a commercial crop, like peanuts, with uncontrolled prices, a less stable but potentially more profitable alternative. The *campesino* is "obliged to speculate with his subsistence in order to preserve it." It is at this point that the "structure of synbiotic but asymmetric relations with the rest of society" which Warman (1972:118) refers to comes into play. The moneylender, the broker, the processor, the transport monopolies all share in the exploitation of *campesino* land, labor and minimal capital. Around Cuautla, Morelos, where recently the onion exports to the U.S. have been the commercial crop resorted to by the *campesinos* and *ejidatarios*, agents for such U.S. agribusiness firms as Southwestern Fruit and Vegetable Co., Inc., of Edinburg, Texas (Melville, 1974:252) are the front lines of imperialist involvement in the "symbiotic and asymmetric structures."

In relation to the *campesino* economy, then, it can be said abstractly that imperialism is the last structure of surplus value extraction to exploit the *campesino* directly. Local, regional, and national capitals get there first. However, through the successive structures of dependency, imperialism receives indirect shares of surplus value, via direct agent purchases of commodities produced on small plots. Also, when *campesinos* are able to secure credit for capital inputs they more often than not purchase equipment and inputs that come from U.S.

multinationals. In the case of brokers advancing credit directly to small farmers relying on family labor, the exploitation is more direct. But the most direct exploitation results where campesino labor power, in the form of the jornalero, or the processing worker, is employed at low wages. The high rates of surplus value in agrarian sectors of the Mexican economy, which are in large part due to transfers of surplus value from the campesinos and ejidatarios to the more capitalist sectors and to imperialism, do not mean stable capital accumulation. As Aguilar Monteverde (1974:164) argues, in Mexico it has meant capital exports, conspicuous consumption, over-capitalization, and unused capacity in the highly capitalized enterprises. This translates into a relative dilapidation of potential productivity.

There is another relationship of capitalism and the rural Mexican which is perhaps the most direct exploitation of all these relationships. This is between the "illegal immigrant" laborer and U.S. agribusiness. Jorge Bustamante has a study entitled Wetbacks: Primary Material for U.S. Capital Expansion (1975) in which he shows how the waves of Mexican immigration to the U.S. have paralleled economic growth and ebb in the U.S. It has always been the cheapest labor-power available to Southwest U.S. growers, and has been ideal, until recently, for keeping Chicano farm workers insecure. Studies from 1968-1970 showed 84% of these "wetbacks" were rural residents in Mexico (Bustamante, 1975:31).

The Ejido and Capitalist Accumulation

The ejido has both a subjective and an objective role in Mexican social history. It is the surviving form of collective ownership and, at the same time, of collective labor, preserved largely in the indigenous communities of rural Mexico. It is also a purposive policy and an ideological tenet of the revolutionary mythology. Successive governments have, since 1910, paid lip service to the *ejido* and have in some cases taken steps towards making the ejido a viable economic unit. Roger Bartra (1975:128) speaks of the political function of the *minifundio* and the *ejido*. For him, the two forms of property have guaranteed political stability and provided a balance to uncontrolled capitalist development in agriculture. The essence of this political stability has been more the hope and faith of the *campesino* than the reality of ejidal and *minifundio* viability.

Thus, the controlling function is partly responsible for the supposed lower relative efficiency of the *ejido*. For example, in the decades 1940-1960, *ejidos* doubled their production and maintained relatively stable numbers of laborers, while private holdings over 5 hectares doubled their work force and yet raised productivity 3 and two-thirds times (Dovring, 1973:50). However, as Dovring points out, the *ejidos* used much less capital and technology in doubling their production, while the bulk of productivity increases on larger holdings were due primarily to the initially expanding organic composition of capital. Thus, it is difficult to decide which sector outstripped the other. Restrepo and Eckstein (1975) show how collective *ejido* productivity in Laguna area of north central Mexico at first shot ahead of productivity on the large private farms. Roger Bartra (1975) argues that for both *ejido* and *minifundio* productivity, most analysts use capitalist accounting. This accounting calculates into variable capital the wage-cost of labor, whereas *campesinos* and *ejidatarios* do not pay themselves a wage. Thus, if the value of *campesino* and *ejidatario* labor is not calculated, productivity seems lower. When it is calculated, the margin of super-exploitation of campesino and ejidatarios is revealed.

The facts of the ejidal situation are disturbing and well-known. First, the figures for the proportion of land that is ejidal are deceptive. Ejido lands include much that is unsuitable for agriculture as well as pastures and forest lands (Millón Echeagaray, 1973:93). Ejidatarios have increasingly been marginalized and have had to work away from the ejidos. In 1940, 15% of the ejidatarios worked for wages as an income supplement, while in 1960, 25% of them were forced to do so (Centro de Investigaciones Agrarias, 1973:326). The situation is worse in areas with extensive capitalist agriculture. In Apatzingán, Michoacán, on ejido lands established by Cárdenas in 1938 as collective production units, the percentage of ejidatarios working the land was reduced to 51% in 1958. By 1966 only 32% of them still worked their lands (Restrepo and Sánchez Cortes, 1969:3).

The other side of ejidatarios having to become wage-laborers is the increasing rental of ejidal lands, the same situation in which campesinos or minifundios find themselves. The problem is the one Corcuera (1974:82) presented: the revolutionary governments have all said: "The land is yours because you work it". The problem is working it. Ownership increasingly means little when not combined with control over capital inputs and technology. In Apatzingán, when the cotton growers moved in, they began to rent the well-irrigated ejido lands, already too parcelized to be economic for single cultivators. Irrigation and credit bureaucracy corruption increased the difficulties of the Apatzingán ejidatarios (Restrepo and Sánchez Cortes, 1969:2-5). Of those who rent their lands, 90% became jornaleros working for the cotton entrepreneurs, often on their own lands (Restrepo and Sánchez Cortes, 1969:5).

The reasons for this mounting de facto expropriation of ejidatarios, most severe in the agro-export areas like the Bajío, Michoacán, Sonora, Sinaloa, Tamaulipas, Neuvo León and the Laguna, are simple: the lack of capital and credit, corruption, the failure of long-term political support in the government, atomization of small plots, super-exploitation and population increase. Capitalist control of the most modernized sectors renders competition in export and some domestic agricultural commodities too fierce for the small producers and the ejidos that lack of credit and facilities. When, for example, investment per hectare in Sinaloa amounts to twenty or thirty thousand pesos on irrigated land per hectare, this provides an explanation why Sinaloa ejidatarios holding irrigated lands rent them out and become day laborers (Millón Echeagaray, 1973:113).

The structures relating imperialism to the ejidos are much the same as those relating the former to the campesino economy. Extraction of surplus value ranges from the most indirect to the direct super-exploitation of ejidatarios as wage-laborers.

Imperialist Accumulation and Agrarian Class Structure in Mexico

It would be a mistake to claim that U.S. capitalist penetration of Mexican agriculture has had the sole influence on class structure and relations in that realm. But to deny some influence would also be incorrect. Writers like Stavenhagen and Heberto Castillo have argued that the contemporary rural situation much resembles that which aroused the Zapatistas and others. At that time, U.S. capital was completing a general imperialist drive in Mexico and the Central American States and the concentration of landholding by the U.S. and Mexican latifundistas reached extreme levels and had disastrous proletarianizing effects on the rural population. At that time, the predominant economic forms in the countryside were pre-capitalist, i.e. semi-feudal and mercantile, but with a growing alienation of the peasantry from the means of production, the land. Currently, the outstanding mode of production in the rural areas is capitalist, impelled by the agrarian reforms of the Revolution, facilitated by Cárdenas' neutralizing of rural class conflict, and augmented by the growth of commercial agriculture. Then, as now, the main contradiction in the countryside, as formulated by Michel Gutelman (1971:243) was that of every developing capitalism: the opposition of the private appropriation of the means of production and the growing socialization of the process of production. In Mexico, the contradiction is aggravated by a rapidly growing population.

One of the best class typologies is that of the Ceceña et al. volume (1973), and although it applies specifically to Sinaloa, it is generally applicable to all areas of commercial agriculture. The typology starts by distinguishing two kinds of agriculture in Sinaloa: the family plot, and the large enterprise. It is this kind of division that led to the concept of dualism in the countryside so obstinately combatted by the dependency theorists. But this distinction does not imply separation. Even the remotest, most backward plots are linked to capitalist penetration in some forms: for example, the malnourished indigenous peoples of the Guerrero mountains who weave palm hats for a peso apiece. The family plot in Sinaloa, the so-called minifundio, is usually indebted to local usurers for seed, equipment and even pre-harvest food supplies (Millón Echeagaray, 1973:88). The large enterprises are divided further into two types. The old latifundios are usually lands left untouched by the reforms, often lacking irrigation and much less capitalized than the more productive irrigated flatlands. Among them number many cattle ranches. U.S. capital, except for ranches, is seldom involved with this class. It tends to react more violently to peasant invasions. The other latifundios are large commercial farms, most of them formed after the Revolution.

Jorge Carrion (1972) and Silvia Millón Echeagaray (1973) designate latifundistas as part of the national bourgeoisie. Carrion negates the concept of a nationalist bourgeoisie in Latin America in general, arguing that as partners and representatives of foreign capital, they are anti-imperialist in no sense of the word. The better term for this group as a whole is the "urban-rural bourgeoisie". The surplus generated by the labor force and appropriated by the landowners enables them to invest in hotels, restaurants, banks, stores, and U.S. enterprises, in addition to their own conspicuous consumption. This is similar in a way to the São Paulo pattern, where immigrant merchants and coffee barons merged their families and fortunes. The Los Mochis group of Seven, a local confederation of businessmen in the Northwest Mexican town of Los Mochis, has a credit union, a cotton mill, a rice mill, fertilizer and insecticide businesses and warehouses. One of the group is president of the National Confederation of Cotton Producers and also the head of the Department of Economic Development for Sinaloa state (Millón Echeagaray, 1973:215). Another latifundista named Canuto Ibarra has a John Deere concession and a General Motors distributorship in addition to his croplands and cattle ranches. Balderrama, his colleague, runs a chain of prestanombre motels and markets fish from publicly-financed reservoirs through his United States-based partners in San Francisco. The Robinson Bours family of Sonora has the Ford outlet in Cíudad Obregón and the Volkswagen franchise in Los Mochis. Ceceña et al.'s book claims most of these latifundistas were once PAN members, but switched to the PRI so as to be eligible for public office (1973: 216). The pattern of capitalization and concentration has made the latifundistas full members of the Monterrey, Guadalajara and Federal District industrialist and commercial groups. This was evidenced by their collusion in the producer/merchant strikes in the last two years.

These new rich travel frequently to Las Vegas on the weekends, enjoy trips to Europe, purchase expensive cars, send their children to U.S. universities, and throw lavish parties in their elegant homes. According to reports in Excelsior (August 16, 1976), their ranks include representatives of peasant organizations under the PRI umbrella. Leaflets scattered by plane accused Celestino Salcedo Monteón of the National Peasant Confederation (CNC) of owning a latifundio in Baja California, and he did not deny it.

The surplus value appropriated by this class, when not spent on lavish personal consumption, has not played the multiplier role that Keynesian economists would have one believe. It does not go to finance much in the way of Mexican development. If often goes to U.S. banks, especially in recent years when peasant invasions, independent farm labor organizing and threatening government statements have prompted a rush of millions out of the country.

This new rich class, at the apex of the landholding and production pyramids, and closely allied with U.S. capital, also occupies a top spot in the Mexican drug connection. High Times and Excelsior (Jan. 21, 1976) claim that drugs are now Mexico's main export to the United States. As a result, the Culiacán banking system is the second largest in Mexico, after the Federal District. Apparently, fathers of the big families finance the sons who do not inherit the business and landholdings. In Tierra Blanca, a small town outside Culiacán, a virtual smuggler's war goes on, with private bodies of armed men, fortress houses, and non-intervention by the authorities.

Increasingly marginalized *minifundistas* and *ejidatarios* supply the labor, and sometimes the land, for the cultivation of psychotropic plants, in an attempt to improve their standard of living. Culiacán's residents reportedly claim that large vegetable growers are involved in the traffic, like Gonzalo Avila, whose warehouse was found full of mairjuana in 1974. A Culiacán banker estimated local annual drug profits at $120 million, much of it banked at Valley National Bank in Arizona, the growers' friendly credit source for years (NACLA, #6, 1976:17). As Mexican heroin has become the major source for the U.S. market, the mafia has become a major investor in this crop. This sector has not further exacerbated class conflict in Mexico to any measurable extent, since the exploited peasants involved in cultivation are already margin-realized. It merely makes them more vulnerable to police and army repression, the people further up the ladder rarely being bothered. Interviews in the Morelos State Penitentiary revealed that over 90% of the 150 men imprisoned there for drug law violations were peasant growers.[13]

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13. Carried out in February, 1975. Sources confidential.

As Gutelman (1971) pointed out, the main contradiction is that of the propertied versus the landless classes. But intervening are other strata, whose position is affected by the increasing concentration of land under the impact of capitalist market relations and agriculture for export. Small landowners, holding from 25 to 100 hectares, usually depend on a local powerful merchant or a broker for credit and irrigation agency contacts. The very small landowners, holding from 1 to 25 hectares of land usually unsuitable for irrigation, also depend upon merchants and coyotes (professional intermediaries, influence-peddlers) who lend at more than 100% interest rates. The ejidatarios in the northwest generally lack water, credit, and technology. There are some exceptions, notably near Mexicali, and in the Los Mochis and Yaqui valley areas. The figures given on the proportion of ejidatarios renting their land out speaks to their marginalization by commercial growers. Many of them become golondrinas (migrant workers) or urban in-migrants.

Those who work as wage-earners in agriculture are in three groups. The semi-skilled work year-round as tractor drivers, truckers, mechanics, and foremen. They are the most well-off of the rural proletariat, but are vulnerable to market fluctuations and thus dd not really form a rural labor aristocracy comparable to some groups in the industrial sectors. The unskilled work three or four months a year at low wages on specific crops, mostly for export, but increasingly for domestic consumption. The migrants follow the harvests north and have become the most exploited and marginalized group within the rural proletariat. In 1971, the minimum field hand wages was legally just above two dollars a day for ten to twelve hour days. When the labor supply is abundant, which is practically always, this minimum is rarely met

(Millón Echeagaray, 1973:101). Often the latifundista pays in tickets redeemable for goods in his own stores. Local merchants raise prices 200% when the migrant workers arrive (Millón Echeagaray, 1973:102). These landless peasants have been estimated to number 7 million, or 21 million if one includes dependents (Excelsior, April 29, 1976). Cockcroft calculates that two-thirds of Mexico's unemployed are in the countryside (1974:292). Publications such as Excelsior, the Guardian and NACLA's Latin American and Empire Report extensively document the living and working conditions of the landless migrant workers. In the northwest, capitalist growers only rarely supply housing for the workers and their families. There are no schools, hospitals, or social security programs. Outhouses are built over the canals where people bathe and get water. In 1975, 792 people died in Sonora from dehydration and diarrhea (Guardian, Nov. 3, 1976). In the packing sheds, at 40 degrees plus Centigrade, the wage is sixteen dollars a week. Seventy percent of the migrants are on the move seven months of the year, large numbers of them taking their children along (NACLA, #6, 1976:19). Along Sinaloa highways, one can see the unemployed gathering cotton and produce that have bounced from the trucks, in hopes of making a sale later (Burgueño Lomeli, 1973:43).

It is questionable whether rural class structures would be the same without agriculture for export and the control exercised by imperialism. Without the alliance with foreign monopoly and intermediate capital, the rural-urban bourgeoisie would have a very different physiognomy. Without the impulse foreign capital and market relations have given to commercial agriculture, it is doubtful that proletarianization of the campesino and ejidatario would have proceeded at such a rate and

and on such a scale. Stratification and inter-class contradictions have clearly been affected by imperialism in Mexican agriculture.

Mexican Government Policy and Capitalist Agriculture

Lázaro Cárdenas has been called "the father of modern capitalism in Mexico" (de Flores, 1968:274), but during the 1930s there were fears in the U.S. and Mexico that he was introducing socialism. An examination of his agrarian reform policies shows that Cárdenas was far from a socialist. He was rather a populist national leader carrying out policies needed to create national unity and incorporate the disenfranchised of the rural areas into national life. In this sense, Cárdenas is interpreted by Bartra (1975:140) as the representative of Mexican Bonapartism.

Rural disturbances continued after the winding down of armed hostilities in 1920. Agrarian reform, a major element in the 1917 Constitution, was applied spotily. Many _latifundistas_ remained and the landlords engaged in repression against the _campesinos_ in many areas of Mexico (Huizer, 1968:117-122). Under President Calles in 1926 the National Bank for Agricultural and Livestock Credit was established, but it was "unprepared to meet the conventional needs of peasant farmers with the particular requirements of the _ejido_, where the normal guarantees were not available, due to the legal inalienability of _ejido_ lands" (de Flores, 1968:232). At the same time, the National Irrigation Commission was set up, but both of these bodies lent their services to the establishment of large capitalist agriculture rather than to collective _ejidos_ or the _minifundio_: "Calles regarded the _ejido_ as a training ground ... for the purpose of developing a nation of peasant proprietors" (de Flores, 1968:244).

By the time Cárdenas came to office in 1934, rural unrest had increased. Peasant Leagues were developing, land invasions were more frequent, and pressures for the implementation on a broader scale of the agrarian reforms reached the highest level since the years of the Revolution. De Flores (1968) credits peasant agitation on the haciendas of the Laguna area as pushing Cárdenas to the large-scale expropriations carried out there to create collective production ejidos. Stavenhagen (1969:162) grants Cárdenas more political acumen. For Stavenhagen, the principal objectives of the agrarian reform were (a) to respond to the political pressures of the campesinos, (b) to meet the historical commitment imbedded from the very beginning in the ideology of the Revolution, (c) to procure a minimum of social justice in the countryside, and (d) to undertake preventive measures, social prophylaxis, and palliatives while development got underway.

Populist though the agrarian reforms were, and as daring as some of the collective ejido experiments were, the thrust of the land reforms was to rationalize capitalist development in agriculture. Carmona (1971: 228) asserts that the reforms permitted the development of the internal market and unleashed agricultural productivity which transferred raw materials, labor-power, and surplus value to urban and industrial growth. Rural class conflict was contained and debt peonage was eliminated, throwing large numbers of campesinos into the wage-labor agricultural work force. Stavenhagen (1969:165) explains the apparent paradox of the radical transformation of land tenure being at the same time a necessary instrument for economic development in the interests of a minority, the rural-urban bourgeoisie, by pointing to the limits land as a value in itself had reached. The bourgeois nationalist revolution marked the renewed importance of capital in agriculture, an importance that had been seen in the late Porfiriato, but which was at the time fettered by semi-feudal property relations.

An astute observer of Mexican political history, Arnaldo Córdova (1974), has marshaled the evidence showing Cárdenas to be a true political genius of populism. Aware of class struggles in Mexico and a proponent of an organized state and a political movement, Cárdenas was able to articulate the interests of the agrarian masses and the urban proletariat of Mexico. Cárdenas, according to Córdova, knew that capitalist development in Mexico required social peace rather than class struggle, and that this could be achieved only by incorporating the most revolutionary classes of Mexico into state and political organization. To do this, it was necessary to carry out reforms and to solicit the support of the campesinos and urban workers against the more reactionary elements. Land reform, arming the campesinos, expansion of trade union rights, nationalizations of foreign-owned property, a political rhetoric embodying the interests of the revolutionary classes, and the reorganization of the official party were the major steps Cárdenas took to achieve his political purpose. Córdova places the mass politics of the Cárdenas era in perspective:

> "The most efficient and powerful weapon that capitalism has ever used against the insurrection of the working measses, and in particular against the proletarian revolution, has always consisted of recognizing the workers' right to economic improvement as production develops. It was what Lenin called the economic struggle of the proletariat, which, well-directed, can and ought to be converted into a political struggle, i.e. the struggle for political power and for socialism. But the economic struggle can become simply economicist, with no political perspective, and then it becomes the soul of the capitalist counter-insurgency.

> In fact, the soul and the essence of this counter-insurgency is the Mexican Revolution, and Cárdenas has been to date its most complete realizer, and at the same time, its most inspired prophet (Córdova, 1974:80).

The reforms made the rural farmer "freer", more mobile, and available for wage labor, in Nathan Whetton's opinion (1948:65). Even so, he pointed out, mistakes and errors weakened the reforms (1948:572). It is a matter of debate whether the measures Cárdenas himself took were mistakes. Given the capitalist nature of Mexican political economy, there was no way the *ejido* in its collective production form could have been other than an experiment and a symbolic gesture towards some of the socialist ideals of the Revolution. For them to have become the dominant mode of agricultural production would have required the defeat of the most powerful political force in Mexico, the developmentalist bourgeoisie. That the collective *ejidos* were as strong as they were and that the ideals remain an issue even within the PRI, speaks to the strength of agrarian socialism in Mexico and the staying power of the traditional rural community values. Thus the agrarian reform fulfilled a dual function, one strictly political, i.e. the maintenance of *campesino* faith in the Revolution and hope for the future, and one obeying the dictates of capitalist development in agriculture.

James Wilkie (1970) points out that though Cárdenas committed Mexico to land distribution, it was Calles that initiated massive state investments in irrigation. Likewise, it was not until Ávila Camacho in the 1940s and Miguel Alemán after him that the government expenditure on irrigation took firmer hold. Irrigation works have claimed much more consistent government funding than the Ministry of Agriculture, which was to establish credit and technical assistance to the *campesino*. Thus, while irrigation served the needs of newly liberated capitalist agriculture after 1940, the governments have been more than remiss in following through the populist aspects of agrarian reform with credit and technical assistance to the minifundio and ejido.

After Cárdenas, government agrarian policies had to meet the goals of providing a large and cheap source of labor, feeding a growing population, supplying raw materials to a processing industry, and contributing to exports. With exports Mexico was able to earn foreign exchange necessary for capital and consumer goods purchases abroad, chiefly from the United States. Aguilar Monteverde (1974:129) lists the policies employed to meet these goals: population increase, repression of rural political movements, mechanization and modernization, loans and technical assistance to capitalist growers, state investment in irrigation and infrastructure, credit to neo-latifundistas and intermediaries, guaranteed basic commodity prices, government-supplied insurance, cheap transport, subsidies to cotton and other export commodity producers, official complacency about violations of agrarian laws, and the maintenance of low rural wages and living standards. With some exceptions during the Lopez Matéos and Echeverría regimes, these have been the guiding policies since 1940. In the 1940s and 1950s there was government repression of campesino movements in the northwest. In 1946, the infamous writ of inaffectibility staying requests by campesinos for distribution of large holdings above the legal limit on the grounds of efficiency was decreed.

One of the programs undertaken with outside help was the "green revolution", a program which developed high yield strains of rice, wheat, and corn. Keith Griffin sums up this program, saying that the "significance of the 'green revolution' is not so much that it has resulted in an improved livelihood in rural areas (although certain groups clearly have prospered) as that it has allowed governments to persist with industrial policies which had taken many nations to the brink of catastrophe" (1974: 128). Feder puts it more in the context of capitalist accumulation: "The green revolution was a programme to develop a capitalist agriculture with big commercial producers generously subsidized and supported by public and private institutions" (1977:9). William Thiesenhusen (1972: 9) finds that the "green revolution" exacerbates income disparities, since it benefits the neo-latifundista. Only the latter can afford the inputs of fertilizers and machinery necessary. In reducing the need for labor, the green revolution further lowers the market value, if not the social cost, of labor-power. Griffin (1974:52) notes that the bias of government policy towards the raising of output makes the "green revolution" attractive to governments. In Mexico the benefits have gone to the large capitalist growers and to the foreign corporations. As high yield maize is produced by heavily capitalized enterprises, subsistence farmers like those of San Gabriel, Morelos, cannot compete on the basic foodstuffs market and are further marginalized and proletarianized.

The current situation, which has seen some social explosions in the last decade, seems to be one of government policies that concretely support capitalist accumulation in the countryside and only turn attention to the non-capitalist sectors when unrest threatens. Thus Luis Echeverría spent more bringing basic services to the rural areas than any other president. It is clear, however, that land distribution is not a policy pursued avidly by the post-1940 governments. In late 1976 there were over 60,000 petitions for land in the offices of the

Agrarian Reform Secretariat; many of them had been sitting on the desks for over fifteen years (Guardian, Nov, 24, 1976). The sluggishness of this land reform bureaucracy is complicated by corruption. The Justice Department was reported in 1977 to be investigating functionaries for dealing in certificates of "inaffectability" (Excelsior, May 26, 1977). But the corruption and inefficiency of the land reform bureaucracy is a facade on the real problem, the end of available land. Martínez Rios (1972:25) calculates that if the government cut the legal limit of irrigated holdings to 50 hectares from the current 100, only 4% of the landless campesinos could be accommodated. Even if the limit were set at 25 hectares, only 7% could receive land. In 1967, only 24.7 million hectares of land remained of all kinds, a quantity which would only take care of 200,000 campesinos (Martínez Rios, 1972:23). And yet practically every week, delegations of landless campesinos from all over Mexico come to the Federal District to present their petitions or to try and see the President.

The government has also allowed the increasing rental of ejido and minifundio lands to capitalist growers, which in Bartra's opinion (1975:144) may destroy the political balance achieved by Cárdenas forty years ago. The increasingly marginalized campesino is absorbed neither by capitalist agriculture nor by urban industry. At best he and his family can join the massive slums in the cities, where government policies and community action do provide at least a higher minimum standard of living than in rural Mexico.

The Alternatives

Government policies, always equivocal, have, throughout the last sixty years, primarily been focused on the growth of capitalist agriculture and industrialization. These policies have resulted in a permanent rural crisis, which is, as Martínez Rios (1972:38) says, not localized, but rather characteristic of a Mexico in crisis. Any solution must be part of a larger social restructuring.

The idealist view of the problem takes no account of the laws of capitalist accumulation or of the role of imperialism. Carrillo Huerta (1976) believes the solution is increased agricultural insurance, to be supplied by the state. This view parallels a call made repeatedly by various reformists inside and outside the government. Ifigenia de Navarrete (1971) also believes the solution to be increased government credit to the *ejido* and *minifundio*.

Two French academics, who have written about Mexican agrarian reform and agricultural underdevelopment are René Dumont (1969) and Michel Gutelman (1971). They represent opposing points of view. Dumont sees the major problems as overpopulation, decreasing agricultural productivity, soil erosion, and the lack of planning and investment. Just as quickly he poses a set of idealist antitheses; birth control, erosion control, fuuit and protein production for the domestic market, planning, and investment. For Dumont, monetary incentive and investment favoring efficiency and productivity are the keys to capitalist agricultural development. His ideal is the rural yeomanry. He makes no attempt to understand the tendency of capital to concentrate and proletarianize. And he forgets that investment already has favored efficiency and continues to do so. Gutelman, on the other hand, shows how capitalization favored the *latifundia* and how it encroached upon mercantilist forms. The individual commodity producer is eventually proletarianized, be he minifundista or ejidatario. For Gutelman, the main contradiction of Mexican capitalism remains in the countryside. The small farmer tries to resist giving his land over to capitalist production in large units, and thus acts as a brake, but not with eventual success. It is precisely within the private appropriation/socialized production contradiction that Gutelman perceives the solution of the agrarian problem, and here his conclusion is similar to Stavenhagen's (1968). Until production for profit is removed from the entire Mexican economy, and all agricultural enterprises are collectivized, the impasse will not be resolved (Gutelman, 1971:251).

The views of a former government spokesman and the current head of the "small growers" in Sonora, Ramon Fernandez y Fernandez, are representative both of the equivocal nature of government policies and the particular interests of neo-latifundistas. First he says that "the revolutionary regimes have always placed their major efforts towards aspects of social improvement and the defense and elevation of the popular masses, to the extent of registering, from time to time, certain imbalances between social improvement and the economy" (1961:9). What he means is that certain government policies have not been entirely in favor of the agrarian bourgeoisie and imperialism. Fernandez y Fernandez found as positive, at least in 1960, the migration of braceros: "The flow of braceros helps relieve our population pressures, brings us foreign exchange, and educates us in technology and the organization of work" (1961:14). Even in 1960, Fernandez y Fernandez was opposed to further land distribution: "For development, an agricultural wage-earner is better than a minifundista" (1961:38). As for mechanization and its effects on the campesino, "let's not be defeatist ... the agrarian reform and technical progress have reduced the class of agricultural wage-earners to acceptable proportions." At the same time, "the abundance of wage-laborers has stopped being a negative characteristic of Mexican agriculture; rather it characterizes a modern commercialized agriculture and enterprises of an efficient size" (1961:189). Seventeen years later, Fernandez y Fernandez was even more dismissing of calls for collectivization, land distribution, or the solution to the problems of rural unemployment. He wanted to eliminate the minifundio by the sale of small plots, both private and ejido, to the larger, more efficient growers. He wanted protection against expropriation of the large holdings, and he felt that "those displaced ejidatarios can maybe find some other work than farming; collectivism is no solution" (cited in Excelsior, April 18, 1977). At the same time, Excelsior was reporting that the National Federation of "Small" Property-owners, of which Fernandez y Fernandez is an official, applauded a new penal code reform in the state of Querétaro which proposed up to 40 years in prison for agrarian "invasions" (Excelsior, April 21, 1977).

At the end of Echeverría's presidency, he acted to distribute some Sonoran irrigated lands, as the campesino movement there was already invading latifundios. Echeverría's move aroused a storm of debate. The national campesino organizations called for the nationalization of irrigated lands, as did Rodolfo Stavenhagen and Castillo (Excelsior, May 24, 1977). There were howls from the growers that this was an attack on private property. A grower's strike got underway in Sinaloa and Sonora to protest Echeverría's moves.

Aguilar Monteverde, Carmona, Castillo and Stavenhagen all argue for collectivism and expanded state credit, but they place such reforms in the larger context of capitalist accumulation, imperialism, and state power. This brings them to argue that only deep political and social changes in Mexico can make any headway towards resolving the permanent agrarian crisis. As Feder put it, "the entire social structure seems to be against peasants when they seek to organize" (1971a:159); in other words, reformism is constantly blocked.

Conclusions

United States capital's role in Mexican agriculture since Cárdenas has been central. The choices made about investment have been made on a calculated profit basis, as the dynamic of capitalist accumulation dictates. But such investment has tended to provoke underdevelopment and deepen dependency structures and the extraction of surplus value. The main victim of this exploitation has been the Mexican farm laborer and especially the marginalized who have been forced into wage-labor in conditions of super-exploitation. In their relationships with Mexican latifundistas, the oligarchy, and the urban-rural bourgeoisie, the rural proletariat has seen United States monopoly capital and intermediate enterprises allied with its exploiters. Such an alliance makes it impossible to speak of a nationalist bourgeoisie such as was encouraged by Cárdenas. The Mexican ruling elites are caught in a thorny dilemma. To further neglect the rural proletariat in its various forms would be to ignore the revolutionary agrarian tradition, damage legitimacy, and encourage rural violence, even guerrillas. The elite must also beware of a potential rural-urban proletariat alliance which would threaten the social harmony painstakingly created and maintained since Cárdenas took office. Yet to effectively resolve or postpone the rural crisis almost necessarily requires policies which only a minority within the PRI would support, and which would threaten the position of important elite members and supporters. U.S. imperialism and the process of capitalist accumulation in Mexican agriculture over which U.S. capital exercises hegemony would be implacable enemies of any thorough-going changes. The crisis in rural Mexico is a cumulative phenomenon, symptomatic of the permanent crisis that characterizes much of the dependent Third World. The rural crisis and the other problems in the Mexican economy and society amount to the gravest crisis in Mexico since the Revolution, something predicted by the social critics and protesters of 1968. For concerned militants in Mexico, the problem is the creation of a viable and revolutionary opposition and the unity of the urban and rural proletariat, thwarted by contradictions and Carranza in 1915 and by the rationalization and tempering of capitalist accumulation in the 1930s. For academics, the questions of research are at least twofold. From one point of view, the question is political system stability. From another, the question is the nature of imperialism in modern times and the contradictions of dependency and underdevelopment. More case studies of corporations and finance capital, such as those on Anderson-Clayton, United Fruit, and Del Monte by NACLA, on the strawberry industry by Feder, and on the onion export business in Morelos by Melville would further illuminate U.S. capital's imperialist penetration of the Mexican economy and the direct effects on class structure and the quality of life. Imperialism, long an abstract and abused term, gains new significance when concrete examples of the effects on people's daily lives and relationships can be presented.

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